

ATHEROS COMMUNICATIONS INC  
Form S-4  
October 02, 2009  
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As filed with the Securities and Exchange Commission on October 2, 2009

Registration No. 333-

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM S-4 REGISTRATION STATEMENT

*Under*

*THE SECURITIES ACT OF 1933*

# ATHEROS COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

3674  
(Primary Standard Industrial  
Classification Code Number)  
5480 Great America Parkway

77-0485570  
(I.R.S. Employer  
Identification Number)

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Santa Clara, CA 95054

(408) 773-5200

(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

**Dr. Craig H. Barratt**

**President and Chief Executive Officer**

**Atheros Communications, Inc.**

**5480 Great America Parkway**

**Santa Clara, CA 95054**

**(408) 773-5200**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

*Copies to:*

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**2475 Hanover Street  
Palo Alto, CA 94304**

**1001 Pennsylvania Avenue, NW**

**Cira Centre**

**Suite 400 South**

**2929 Arch Street**

**Washington, DC 20004**

**Philadelphia, PA 19104**

**Approximate Date of Commencement of Proposed Sale to the Public:** As soon as practicable after the effectiveness of this registration statement and the effective time of the merger of Intellon Corporation, or Intellon, with a wholly-owned subsidiary of the registrant as described in the Agreement and Plan of Merger dated as of September 8, 2009, or the Merger Agreement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered(2)	Proposed Maximum Offering Price per Share	Aggregate Offering Price(3)	Amount of Registration Fee(4)
Common stock, par value \$0.0005 per share	5,146,907	n/a	\$162,817,652	\$9,086

- (1) This registration statement relates to shares of common stock, par value \$0.0005 per share, of Atheros Communications, Inc., or Atheros, issuable to holders of common stock, par value \$0.0001 per share, of Intellon pursuant to the Merger Agreement.
- (2) The maximum number of shares of Atheros common stock issuable in connection with the merger in exchange for shares of Intellon common stock determined by (1) multiplying .55 by the product of (A) \$7.30 multiplied by (B) the sum of (i) 31,343,946 shares of Intellon common stock outstanding on September 4, 2009, (ii) 2,851,272 shares of Intellon common stock issuable on the exercise of options outstanding on September 4, 2009, (iii) 802,469 shares of Intellon restricted stock units outstanding on September 4, 2009, and (iv) 50,000 shares of Intellon common stock available for option awards issuable after September 4, 2009 and (2) dividing by \$27.34.
- (3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c), Rule 457(f)(1) and Rule 457(f)(3) of the Securities Act, based on the market value of the Intellon shares to be exchanged in the merger, as established by the average of the high and low prices of Intellon common stock as reported on the NASDAQ Global Market on September 30, 2009, which was \$7.12, and the amount of cash to be paid by Atheros in exchange for shares of Intellon common stock (equal to \$3.60 multiplied by 35,047,687, the aggregate number of shares of Intellon common stock set forth above).
- (4) Reflects the product of (a) 0.0000558 multiplied by (b) the proposed maximum aggregate offering price for shares of Atheros common stock.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in the accompanying proxy statement/prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. The accompanying proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.**

**Subject to Completion, dated [                      ] 2009**

To the Stockholders of Intellon Corporation:

I am writing to you today about the proposed merger of Intellon Corporation with Atheros Communications, Inc., or the Merger. You are cordially invited to attend a special meeting of stockholders of Intellon, to be held on [                      ], 2009, at [                      ], local time, at the Hyatt Regency Orlando Airport Hotel, 9300 Airport Blvd., Orlando, Florida 32827.

At the special meeting of Intellon stockholders, you will be asked to:

1. Consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, or the Merger Agreement, dated as of September 8, 2009, by and among Intellon, Atheros Communications, Inc., Iceman Acquisition One Corporation, a Delaware corporation and a wholly-owned subsidiary of Atheros, and Iceman Acquisition Two L.L.C., a Delaware limited liability company and a wholly-owned subsidiary of Atheros, and to approve the transaction contemplated under the Merger Agreement pursuant to which Atheros will acquire Intellon in a stock and cash transaction as described in the accompanying proxy statement/prospectus.
2. Consider and vote upon a proposal to authorize the proxy holders to adjourn or postpone the special meeting, in their sole discretion, to solicit additional proxies if there are not sufficient votes in favor of proposal 1.
3. Transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting for reasons other than those provided in proposal 2.

These items of business are described in more detail in the accompanying proxy statement/prospectus and its annexes. Only holders of record of Intellon common stock at the close of business on                      , 2009 are entitled to notice of and to vote at the special meeting and any adjournments of the special meeting.

If the Merger is completed, each stockholder of Intellon will have the right to elect to receive, for each Intellon share owned by such stockholder:

a combination of approximately 0.135 shares of Atheros common stock and \$3.60 in cash;

up to 0.267 shares of Atheros common stock with any portion not paid in stock paid in cash; or

up to \$7.30 in cash with any portion not paid in cash paid in stock.

This election is subject to proration based on (i) Intellon's capitalization at the closing date of the Merger, (ii) the number of shares electing each type of consideration, (iii) the requirement in the Merger Agreement to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration paid for all of the outstanding shares of Intellon common stock and

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equity awards, taken together, and (iv) the need to preserve the intended treatment of the transaction as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Because elections are subject to proration as described above, an Intellon stockholder may receive some Atheros common stock, rather than cash, even though that stockholder makes a cash election (and vice versa).

Intellon common stock trades on the NASDAQ Global Market under the ticker symbol ITLN. Atheros common stock trades on the NASDAQ Global Select Market under the ticker symbol ATHR. On [ ], 2009, the most recent practicable trading day prior to the printing of the accompanying proxy statement/prospectus, the last sale price of Intellon common stock was \$[ ] per share and the last sale price of Atheros common stock was \$[ ] per share. We urge you to obtain current market quotations of Atheros and Intellon common stock. Upon completion of the Merger, assuming Intellon stockholders elect to receive the combination of Atheros common stock and cash, we estimate that Intellon's former stockholders will own

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approximately 6.4% of the common stock of Atheros. The Merger is intended to qualify as a tax-free reorganization for federal income tax purposes as described in the section titled "The Merger - Material Federal Income Tax Consequences of the Merger" beginning on page 46 of the accompanying proxy statement/prospectus.

The Intellon board of directors has unanimously approved the Merger Agreement and the Merger and determined that the Merger Agreement and the Merger are advisable for, fair to, and in the best interests of, Intellon and its stockholders. **The Intellon board of directors unanimously recommends that you vote FOR the approval and adoption of the Merger Agreement and the approval of the Merger at the special meeting and the proposal to authorize any adjournment or postponement of the special meeting.**

**Your vote is very important.** We cannot complete the Merger unless the Merger Agreement is approved and adopted and the Merger is approved by the affirmative vote of a majority of the shares of Intellon common stock outstanding as of the record date. A failure to vote is the same as a vote against the Merger. **We encourage you, whether or not you plan to attend the special meeting, to vote by proxy card, telephone or Internet in advance of the special meeting. You may attend the special meeting and change your vote at that time if you wish to do so.**

The accompanying proxy statement/prospectus explains the Merger Agreement and the Merger in detail and provides specific information concerning the special meeting. We therefore encourage you to read carefully the accompanying proxy statement/prospectus. **In particular, please see the section titled Risk Factors beginning on page 22 of the accompanying proxy statement/prospectus, which describes risks that you should consider in evaluating the Merger.**

In addition, if you have any questions about the Merger or the special meeting, need additional copies of this document or the accompanying proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact Intellon's proxy solicitor Innisfree M&A Incorporated, toll-free at 1-877-456-3427. You will not be charged for any of the documents that you request. **If you would like to request documents, please do so by [ ], 2009 in order to receive them before the special meeting.**

Thank you for your cooperation and continued support.

Sincerely,

Charles E. Harris

Chairman and Chief Executive Officer

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER, OR DETERMINED WHETHER THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

*The accompanying proxy statement/prospectus is dated [ ], 2009, and is expected to be first mailed to Intellon stockholders on or about [ ], 2009.*

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**VOTING ELECTRONICALLY OR BY TELEPHONE**

In addition to voting by signing, dating and timely returning a completed proxy card provided with the accompanying proxy statement/prospectus, Intellon's stockholders of record may submit their proxies:

through the Internet, by visiting the website address shown on your proxy card and following the instructions; or

by telephone, by calling the toll-free number shown on your proxy card in the United States, Puerto Rico or Canada on a touch-tone pad and following the recorded instructions.

Internet and telephone voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Time, on . Please have your proxy card in hand when you use the Internet or telephone voting options.

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**REFERENCES TO ADDITIONAL INFORMATION**

The accompanying proxy statement/prospectus incorporates by reference important business and financial information about Atheros and Intellon from documents that are not delivered with the proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the accompanying proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**Atheros Communications, Inc.**

5480 Great America Parkway  
Santa Clara, CA 95054  
Attention: David Allen  
Telephone: 408-830-5762  
Email: david.allen@atheros.com

**Intellon Corporation**

The Blue Shirt Group for Intellon Corporation  
  
456 Montgomery St., 11<sup>th</sup> Floor  
  
San Francisco, CA 94104  
  
Attention: Suzanne Craig  
  
Telephone: 415-217-4962

Email: suzanne@blueshirtgroup.com

Please note that copies of the documents provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference in the documents or the accompanying proxy statement/prospectus. Stockholders may also consult Atheros' or Intellon's websites for more information concerning the Merger described in the accompanying proxy statement/prospectus. Atheros' website is [www.atheros.com](http://www.atheros.com). Intellon's website is [www.intellon.com](http://www.intellon.com). Information included on either of these websites is not incorporated by reference into the accompanying proxy statement/prospectus. You may obtain copies of these documents, without charge, from the website maintained by the Securities and Exchange Commission, or the SEC, at [www.sec.gov](http://www.sec.gov), as well as other sources. For a more detailed description of the information incorporated by reference into the accompanying proxy statement/prospectus and how you may obtain it, see Additional Information for Stockholders beginning on page 115 of the accompanying proxy statement/prospectus.

**In order to receive timely delivery of the documents before the special meeting, you must make your requests no later than \_\_\_\_\_, 2009.**

You should rely only on the information contained or incorporated by reference in the accompanying proxy statement/prospectus. Atheros and Intellon have not authorized anyone to provide you with information that is different from, or in addition to, what is contained in the accompanying proxy statement/prospectus or in any of the materials that have been incorporated by reference in the accompanying proxy statement/prospectus. If anyone does give you any other information, you should not rely on it. You should assume that the information in the accompanying proxy statement/prospectus is accurate only as of \_\_\_\_\_, 2009. You should also assume that the information contained in any document incorporated by reference in the accompanying proxy statement/prospectus is accurate only as of the date of such document, except to the extent that such information is contained in an additional document filed with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, between the date of the accompanying proxy statement/prospectus and the date of the special meeting and is incorporated by reference therein. Neither the mailing of the accompanying proxy statement/prospectus to stockholders nor the issuance of Atheros common stock in the Merger creates any implication to the contrary.

In Questions and Answers About the Merger and the Special Meeting and in the Summary in the accompanying proxy statement/prospectus, we highlight selected information from the accompanying proxy statement/prospectus. However, we may not have included all of the information that may be important to you. To better understand the Merger Agreement and the Merger, and for a description of the legal terms governing the Merger, you should carefully read the entire accompanying proxy statement/prospectus, including the annexes, as well as the documents that we have incorporated by reference into such document.



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**ABOUT THE PROXY STATEMENT/PROSPECTUS**

The accompanying proxy statement/prospectus, which forms a part of a registration statement on Form S-4 filed with the SEC by Atheros, constitutes a prospectus of Atheros under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the shares of Atheros common stock to be issued to Intellon stockholders in connection with the Merger. This document also constitutes a proxy statement under Section 14(a) of the Exchange Act and the rules thereunder, and a notice of meeting with respect to the meeting of Intellon stockholders to consider and vote upon, among other matters, the proposal to approve and adopt the Merger Agreement and approve the transactions contemplated by the Merger Agreement, including the Merger.

The accompanying proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities described in this proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Information contained in the accompanying proxy statement/prospectus regarding Atheros has been provided by Atheros and information contained in the accompanying proxy statement/prospectus regarding Intellon has been provided by Intellon.

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5955 T.G. Lee Boulevard, Suite 600

Orlando, Florida 32822

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON [                      ], 2009**

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Intellon Corporation, to be held at [                      ] a.m., local time, on [                      ], 2009 at the Hyatt Regency Orlando Airport Hotel, 9300 Airport Blvd., Orlando, Florida 32827. The special meeting will be held for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, or the Merger Agreement, dated as of September 8, 2009, by and among Intellon, Atheros Communications, Inc., Icesman Acquisition One Corporation, a Delaware corporation and a wholly-owned subsidiary of Atheros, and Icesman Acquisition Two L.L.C., a Delaware limited liability company and a wholly-owned subsidiary of Atheros, and to approve the transaction contemplated under the Merger Agreement pursuant to which Atheros will acquire Intellon in a stock and cash transaction, or the Merger, as described in the accompanying proxy statement/prospectus.
2. To consider and vote upon a proposal to authorize the proxy holders to adjourn or postpone the special meeting, in their sole discretion, to solicit additional proxies if there are not sufficient votes in favor of proposal 1.
3. To transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting for reasons other than those provided in proposal 2.

These items of business are described in more detail in the accompanying proxy statement/prospectus and its annexes. Only holders of record of Intellon common stock at the close of business on                      , 2009 are entitled to notice of and to vote at the special meeting or any adjournments of the special meeting. A list of stockholders entitled to vote at the special meeting will be available for inspection at Intellon's executive offices.

**Intellon's board of directors has unanimously determined that the proposed Merger is advisable for, fair to, and in the best interests of Intellon and its stockholders and unanimously recommends that Intellon stockholders vote FOR the proposal to approve and adopt the Merger Agreement and approve the Merger and the proposal to authorize any adjournment or postponement of the special meeting.**

**We encourage you, whether or not you plan to attend the special meeting, to vote by proxy card, telephone or Internet in advance of the special meeting. You may attend the special meeting and change your vote at that time if you wish to do so.**

Should you receive more than one proxy because your shares are registered in different names and addresses, please submit all of the proxy cards, by telephone, through the Internet, or by mail, to ensure that all of your shares will be voted. The prompt submission of your vote will

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assist us in preparing for the special meeting. Voting by proxy does not deprive you of your right to attend the meeting and to vote your shares in person.

You may revoke your proxy by submitting a later-dated proxy by telephone, through the Internet or by mail, by voting in person at the meeting, or by written notice to Intellon's corporate secretary, prior to the closing of the polls. Attendance at the special meeting does not in itself constitute revocation of a proxy. All shares that are

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entitled to vote and are represented by properly completed proxies timely received and not revoked will be voted as you direct. If no direction is given, your proxy will be counted as a vote FOR the proposal to approve and adopt the Merger Agreement and approve the Merger and FOR the proposal to grant discretionary authority to adjourn or postpone the special meeting. If you fail to return your proxy card or if you mark the ABSTAIN box on the proxy card, the effect will be a vote AGAINST the proposals, and if you fail to return your proxy card, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. For specific instructions on how to vote your shares, please refer to the section entitled Information about the Special Meeting and Voting in the accompanying proxy statement/prospectus. If you are a stockholder of record and plan to attend the special meeting, please bring with you valid government-issued photo identification (such as a driver's license or passport) in order to gain admission to the special meeting. If your shares are held in the name of a bank, broker or nominee, you will have to bring evidence of your ownership of Intellon common stock as of the record date, in addition to valid government-issued photo identification, if you wish to attend the special meeting. Examples of proof of ownership include the following:

a letter from your bank, broker or nominee stating that you owned your shares as of the record date;

an account statement from your bank, broker or nominee indicating that you owned your shares as of the record date; or

a copy of the voting instruction card provided by your bank, broker or nominee indicating that you owned your shares as of the record date. (Please note that in order to attend and *vote* such shares at the special meeting, you will also need to provide a legal proxy from that nominee.)

If you are a proxy holder for an Intellon stockholder, to gain entry to the special meeting you must bring:

a validly executed proxy naming you as the proxy holder, signed by an Intellon stockholder who owned Intellon stock as of the record date;

valid government-issued photo identification (such as a driver's license or passport); and

if the stockholder whose proxy you hold was not a record holder of Intellon common stock as of the record date, proof of the stockholder's ownership of Intellon common stock as of the record date, in the form of a letter or statement from a bank, broker or nominee or the voting instruction card provided by the bank, broker or nominee in each case, indicating that the stockholder owned those shares as of the record date. (Please note that in order to attend and *vote* the stockholder's shares at the special meeting, you will also need to provide a legal proxy from the record holder assigning voting authority to the stockholder.)

We look forward to seeing you at the special meeting.

By Order of the Board of Directors,

Orlando, Florida  
[ ], 2009

Charles E. Harris  
Chairman and Chief Executive Officer

**ALL STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE SPECIAL MEETING IN PERSON. IN ANY EVENT, TO ENSURE YOUR REPRESENTATION AT THE SPECIAL MEETING, WE URGE YOU TO VOTE BY TELEPHONE OR THROUGH THE INTERNET, OR TO MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY AS PROMPTLY AS POSSIBLE IN THE POSTAGE-PREPAID ENVELOPE ENCLOSED FOR THAT PURPOSE OR VOTE BY TELEPHONE OR**

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**THROUGH THE INTERNET IN ACCORDANCE WITH THE INSTRUCTIONS ON THE PROXY CARD.**

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [ ], 2009: THIS COMMUNICATION PRESENTS ONLY AN OVERVIEW OF THE MORE COMPLETE PROXY MATERIALS THAT ARE AVAILABLE TO YOU ON THE INTERNET. WE ENCOURAGE YOU TO ACCESS AND REVIEW ALL OF THE IMPORTANT INFORMATION CONTAINED IN THE PROXY MATERIALS BEFORE VOTING. THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS AND INTELLON S 2008 ANNUAL REPORT ARE ALSO AVAILABLE ON THE INVESTOR RELATIONS SECTION OF INTELLON S WEBSITE AT WWW.INTELLON.COM. IF YOU WANT TO RECEIVE A PAPER OR E-MAIL COPY OF THESE DOCUMENTS, YOU MUST REQUEST ONE. THERE IS NO CHARGE TO YOU FOR REQUESTING A COPY. PLEASE MAKE YOUR REQUEST FOR A COPY TO INTELLON S CORPORATE SECRETARY ON OR BEFORE , 2009 TO FACILITATE TIMELY DELIVERY.**

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus and the documents incorporated by reference into this proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, as well as assumptions, that, if they never materialize or if they prove incorrect, could cause the results of Atheros and its consolidated subsidiaries, Intellon and its consolidated subsidiaries, or the combined company, to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements about future financial and operating results (including projections of earnings, revenues, synergies, accretion, margins or other financial items); products and operations; benefits of the transaction to customers, stockholders and employees; the expected tax treatment of the transaction; potential cost savings resulting from the transaction; the ability of the combined company to drive growth and expand customer and partner relationships; any statements of the plans, strategies and objectives of management for future operations, including the execution of integration plans and the anticipated timing of filings, approvals and closings relating to the proposed transaction; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Words such as anticipates, expects, intends, plans, believes, seeks, estimates, will, may, might, can, should, predicts, targets, continues, and similar expressions or the negative of these terms help to identify these forward-looking statements.

The risks, uncertainties and assumptions referred to above include the challenges of integration associated with the proposed transaction and the challenges of achieving anticipated synergies and cost savings; the possibility that the proposed transaction may not close; the challenges of maintaining and increasing revenues on a combined company basis following the close of the proposed transaction; the challenges of retaining key employees; and other economic, business, competitive, and/or regulatory factors affecting the businesses of Atheros and Intellon generally, including the risks that are described in the section entitled Risk Factors, which begins on page 22 of this proxy statement/prospectus, and in the documents that are incorporated by reference into this proxy statement/prospectus.

If any of these risks or uncertainties materializes or any of these assumptions proves incorrect, results of Atheros, Intellon and the combined company could differ materially from the expectations in these statements. These forward-looking statements speak only as of the date hereof. Except to the extent required by applicable law, Atheros and Intellon undertake no obligation to publicly release the results of any revisions or updates to these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING OF STOCKHOLDERS**

**About the Merger**

***What is the proposed transaction upon which I am being asked to vote?***

Atheros Communications, Inc., or Atheros, is proposing to acquire Intellon Corporation, or Intellon. As an Intellon stockholder, you are being asked to vote to approve and adopt the Agreement and Plan of Merger dated September 8, 2009, or the Merger Agreement, and the transactions contemplated under the Merger Agreement pursuant to which Atheros will acquire Intellon in a stock and cash transaction. A copy of the Merger Agreement is attached as Annex A to this proxy statement/prospectus. Under the Merger Agreement, a wholly-owned subsidiary of Atheros, sometimes referred to as Merger Sub 1 will merge with and into Intellon, with Intellon continuing as the surviving entity and a wholly-owned subsidiary of Atheros, and immediately after this merger, Intellon will be merged with and into another wholly-owned subsidiary of Atheros, sometimes referred to as Merger Sub 2, with Merger Sub 2 continuing as the surviving entity and Intellon would no longer be a separate company, which we refer to in this proxy statement/prospectus as the Merger. The terms and conditions of the Merger are described in detail in this proxy statement/prospectus.

***Why are Intellon and Atheros proposing the Merger?***

Atheros believes that the acquisition of Intellon is an important step in advancing Atheros' mission of building a diversified communications semiconductor company offering a broad portfolio of product technologies that serve large and high-growth markets. The objective of the pending acquisition of Intellon is to enhance Atheros' position as a leading provider of networking platforms that enable seamless delivery of voice, video, and Internet traffic. For Intellon's part, its stockholders will receive a significant premium (based on the closing price of each of Atheros and Intellon on the last trading day prior to the public announcement of the Merger) over the trading price for their shares on that date and, through their ownership of Atheros common stock, the opportunity to participate in a continuing stake in the future performance of the combined company.

***What will Intellon stockholders receive in the Merger?***

You may elect to receive, for each share of Intellon common stock that you own, either:

a combination of approximately 0.135 shares of Atheros common stock and \$3.60 in cash, which we refer to in this proxy statement/prospectus as the mixed election ;

up to 0.267 shares of Atheros common stock, with any portion not paid in stock, due to the proration discussed below, paid in cash, which we refer to in this proxy statement/prospectus as the stock election ; or

up to \$7.30 in cash, with any portion not paid in cash, due to the proration discussed below, paid in stock, which we refer to in this proxy statement/prospectus as the cash election.

These elections are subject to proration based on (i) Intellon's capitalization at the closing of the Merger, or the Closing, (ii) the number of shares electing each type of consideration, (iii) the requirement in the Merger Agreement to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration paid for all of the outstanding shares of Intellon common stock and equity awards, taken together, and (iv) the need to preserve the intended treatment of the transaction as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code (as further detailed in the section titled "The Merger" beginning on page 35 of this proxy statement/prospectus). If you do not make an election, you will be deemed to have made the cash election.

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***What will holders of Intellon options receive in the Merger?***

In connection with the Merger, all outstanding options to purchase Intellon common stock granted pursuant to an Intellon stock plan will be converted into an option to acquire, on substantially identical terms and conditions as were applicable under such options, a number of shares of Atheros common stock determined by multiplying the number of shares of Intellon common stock subject to such Intellon stock options immediately prior to the effective time by the Option Exchange Ratio (as defined in the section titled "The Merger" beginning on page 35 of this proxy statement/prospectus); *provided, however*, that certain options held by persons who are not employees or consultants to Intellon, including non-employee members of the Intellon board of directors, will be cancelled and the vested portion will be automatically converted into the right to receive an amount in cash equal to the product of (A) the aggregate number of shares of Intellon common stock that were issuable upon exercise or settlement of such options immediately prior to the effective time of the Merger and (B) \$7.30, less any per share exercise price of such options.

***What will holders of Intellon restricted stock units and restricted stock receive in the Merger?***

In connection with the Merger, all outstanding awards of Intellon restricted stock units will be converted, on substantially identical terms and conditions applicable to such awards, into restricted stock units of Atheros common stock, except that such restricted stock units will represent the right to receive, upon vesting, approximately 0.267 shares of Atheros common stock; and each outstanding award of restricted Intellon common stock shall be converted, subject to the same forfeiture and other conditions applicable to restricted Intellon common stock immediately prior to the effective time of the Merger, into the number of shares of restricted Atheros common stock and/or cash, as the case may be, as elected by each holder of restricted Intellon common stock pursuant to such stockholder's election described above (as further detailed in the section titled "The Merger" beginning on page 35 of this proxy statement/prospectus).

***Will I be taxed on the consideration that I receive in exchange for my Intellon shares?***

The transaction is intended to be tax-free to Intellon stockholders for U.S. federal income tax purposes, except with respect to any cash received. The receipt of cash pursuant to the transaction will be a taxable transaction for U.S. federal income tax purposes. See "The Merger" Material Federal Income Tax Consequences of the Merger beginning on page 46 of this proxy statement/prospectus.

*Tax matters are complicated, and the tax consequences of the Merger to each Intellon stockholder will depend on the facts of each stockholder's situation. Holders of Intellon common stock are urged to consult their own tax advisors as to the specific tax consequences to them of the Merger in light of their particular circumstances, including the applicability and effect of any federal estate and gift, state, local or foreign tax laws and of changes in applicable tax laws. Holders of Intellon common stock are also encouraged to read carefully the discussion in the section entitled "The Merger" Material Federal Income Tax Consequences of the Merger beginning on page 46 of this proxy statement/prospectus and to consult their own tax advisors for a full understanding of the particular tax consequences of the transaction to such holder.*

***When do you expect the Merger to occur?***

We expect to complete the Merger promptly after Intellon stockholders approve and adopt the Merger Agreement and the Merger at the special meeting and after the satisfaction or waiver of all other conditions to the Merger. We currently expect this to occur in the fourth quarter of 2009.

***Do I have dissenters' or appraisal rights with respect to the Merger?***

Yes. Under Delaware law, you have the right to dissent from the Merger and, in lieu of receiving the merger consideration, obtain payment in cash of the fair value of your shares of Intellon common stock as determined by the Delaware Chancery Court. To exercise appraisal rights, you must strictly follow the procedures prescribed by

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Delaware law. These procedures are summarized under *The Merger Appraisal Rights* beginning on page 49 of this proxy statement/prospectus. In addition, the text of the applicable provisions of Delaware law is included as Annex C to this proxy statement/prospectus.

**About the Special Meeting of Stockholders**

***When and where will the Intellon special meeting of stockholders take place?***

The special meeting of stockholders of Intellon will be held on [ ], 2009, at [ ], local time, at the Hyatt Regency Orlando Airport Hotel, 9300 Airport Blvd., Orlando, Florida 32827.

***Who is entitled to vote at the special meeting?***

Holders of record of Intellon common stock at the close of business on [ ], 2009, which is the date the Intellon board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

***What is the required vote to approve and adopt the Merger Agreement and approve the Merger and the proposal to authorize any adjournment or postponement of the special meeting?***

The holders of a majority of the outstanding shares of Intellon common stock as of [ ], 2009 the record date for the special meeting, must vote to approve and adopt the Merger Agreement and the Merger in order for the Merger to be completed, as well as to approve the proposal to authorize any adjournment or postponement of the special meeting. Abstentions from voting and broker non-votes are not considered affirmative votes and therefore will have the same practical effect as a vote against the Merger Agreement and the Merger and the proposal to authorize any adjournment or postponement of the special meeting.

No vote of the stockholders of Atheros is required to complete the Merger.

***What does the Intellon board of directors recommend?***

The Intellon board of directors unanimously recommends that Intellon's stockholders vote FOR the approval and adoption of the Merger Agreement and approval of the Merger and any adjournment or postponement of the special meeting.

***If my shares are held in street name by my broker, will my broker vote my shares for me?***

You should instruct your broker to vote your shares, following the directions your broker provides to you. If you do not instruct your broker, your broker generally will not have the discretion to vote your shares. Because the approval and adoption of the Merger Agreement and approval of the Merger requires an affirmative vote of holders of a majority of the outstanding shares of Intellon common stock, these so-called broker non-votes have the same effect as votes cast against the Merger Agreement and the Merger.

***What do I need to do now?***

After carefully reading and considering the information contained in this proxy statement/prospectus, please fill out and sign the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the special meeting, even if you plan to attend the meeting. You may also vote by telephone or through the Internet by following the instructions furnished with your proxy card.

Your proxy card will instruct the persons named on the proxy card to vote your shares at the special meeting as you direct. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted FOR the approval and adoption of the Merger Agreement and approval of the Merger and any adjournment or postponement of the special meeting.

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INTELLON S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT INTELLON STOCKHOLDERS VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER AND FOR THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY, TO PERMIT SOLICITATION OF ADDITIONAL PROXIES IN FAVOR OF THE ABOVE PROPOSAL.

***Why is my vote important?***

If you do not return your proxy card, submit your proxy by telephone or through the Internet or vote in person at the special meeting, it will be more difficult for Intellon to obtain the necessary quorum to hold the special meeting and the stockholder approval necessary to consummate the Merger.

***What if I don t vote?***

If you do not give voting instructions to your broker or you do not vote, you will, in effect, be voting against the Merger Agreement and the Merger.

***If I do not favor the approval and adoption of the Merger Agreement and approval of the Merger, what are my rights?***

Under Delaware law, Intellon stockholders of record who do not vote in favor of the Merger Agreement and the Merger have the right to exercise appraisal rights in connection with the Merger and, if the Merger is completed, obtain payment in cash of the fair value of their shares of Intellon common stock as determined by the Delaware Chancery Court, rather than the merger consideration. To exercise your appraisal rights, you must strictly follow the procedures prescribed by Delaware law. These procedures are summarized in this proxy statement/prospectus. In addition, the text of the applicable provisions of Delaware law is included as Annex C to this proxy statement/prospectus.

***May I submit a form of election if I vote against the Merger?***

Yes. You may submit a form of election even if you vote against approving and adopting the Merger Agreement and the Merger. However, if you submit a properly executed election form, you will thereby withdraw any previously filed written demand for appraisal and will not be entitled to appraisal rights. See The Merger Appraisal Rights beginning on page 49 of this proxy statement/prospectus.

***May I change my vote after I have mailed my signed proxy card or voted by telephone or through the Internet?***

Yes. You may change your vote at any time before your proxy is voted at the special meeting. If your shares of Intellon common stock are registered in your own name, you can do this in one of four ways:

First, you can vote by telephone or through the Internet at a later time, but not later than 11:59 p.m. (Eastern Time) on \_\_\_\_\_, 2009, or the day before the meeting date if the special meeting is adjourned or postponed. If you vote your proxy electronically by telephone or through the Internet, you can change your vote by submitting a different vote by telephone, through the Internet or by mail, in which case your later submitted proxy will be recorded and your earlier proxy revoked.

Second, you can complete and deliver prior to the special meeting a new proxy card. The proxy card should be sent to the addressee indicated on the pre-addressed envelope enclosed with your initial proxy card to arrive by the close of business on the day before the special meeting, which is currently scheduled for \_\_\_\_\_, 2009. The latest dated and signed proxy actually received by this addressee before the special meeting will be counted, and any earlier proxies will be considered revoked.

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Third, you can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your prior proxy, as you must vote at the meeting to do so.

Fourth, you can deliver to Intellon prior to the special meeting a written notice by mail or facsimile stating that you want to revoke your proxy. The notice should be sent to the attention of the Corporate Secretary, 5955 T. G. Lee Boulevard, Suite 600, Orlando, FL 32822, facsimile (407) 428-2850, to arrive by the close of business on the day before the special meeting, which is currently scheduled for \_\_\_\_\_, 2009.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

### **Should I send in my stock certificates now?**

Each Intellon stockholder is being sent an election form and transmittal materials with this proxy statement/prospectus that will provide instructions on sending your stock certificates. However, **do not** send your stock certificates with your proxy card. Please see \_\_\_\_\_ About Electing the Merger Consideration How do I elect the type of merger consideration that I prefer to receive? below for information regarding delivery of your stock certificates.

### **Where will my shares of Atheros common stock be listed?**

Atheros will apply to have the shares of Atheros common stock that will be issued to the Intellon stockholders in the Merger approved for listing on the NASDAQ Global Select Market. Atheros common stock currently trades on the NASDAQ Global Select Market under the symbol ATHR .

### **About Electing the Merger Consideration**

#### ***How do I elect the type of the merger consideration that I prefer to receive?***

Each Intellon stockholder is being sent an election form and transmittal materials along with this proxy statement/prospectus. You must properly complete and deliver to Computershare Trust Company, N.A., or the exchange agent, the election materials, together with your stock certificates or confirmation of book-entry transfer (or a properly completed notice of guaranteed delivery or affidavit of lost certificate). A return envelope is enclosed for submitting the election form and certificates or confirmation to the exchange agent. This is different from the envelope that you will use to return your completed proxy card. **Please do not send your stock certificates or form of election with your proxy card.**

Election forms and stock certificates or confirmation of book-entry transfer (or a properly completed notice of guaranteed delivery or affidavit of lost certificate) must be received by the exchange agent by the election deadline, which is 5:00 p.m., Eastern Time, on the day before the special meeting, which is currently scheduled for \_\_\_\_\_, 2009.

If your shares are held in a brokerage or other custodial account, you should receive instructions from the entity where your shares are held advising you of the procedures for making your election and delivering your shares. If you do not receive these instructions, you should contact the entity where your shares are held.

If any Intellon stock certificate has been lost, stolen or destroyed, the exchange agent may, in its discretion and as a condition precedent to the payment of cash or the issuance of any certificate representing Intellon common stock in exchange therefore pursuant to the Merger Agreement, require the owner of such certificate to deliver an affidavit claiming that such certificate has been lost, stolen or destroyed and a bond in customary amount as indemnity against any claim that may be made with respect to that certificate against Intellon, Atheros or the exchange agent.

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If you do not properly submit your election form with your stock certificates or confirmation of book-entry transfer by the election deadline, then, you will be deemed to have made the cash election and promptly after the Closing the exchange agent will mail to you a letter of transmittal and instructions for surrendering stock certificates for use in exchanging your shares of Intellon common stock for up to \$7.30 in cash (with the balance paid in Atheros common stock).

In the event the Merger Agreement is terminated, any shares of Intellon common stock that you previously sent to the exchange agent will be promptly returned to you without charge.

### ***Do I have to make the same election with respect to all of the Intellon shares that I own?***

Yes. The election you make will apply to all shares of Intellon common stock covered by the election form. Any shares of Intellon common stock held by you that are not covered by a validly submitted election form will be deemed to have elected the cash election and you would therefore receive up to \$7.30 in cash (with the balance paid in Atheros common stock) in exchange for each of such shares of Intellon common stock.

### ***What if I do not make an election?***

If you do not submit a properly completed and signed election form to the exchange agent by the election deadline (or if you submit a properly completed election form indicating no election, together with the certificates or confirmation of book-entry transfer representing all of your shares), then you will be deemed to have made the cash election and would therefore receive up to \$7.30 in cash (with the balance paid in Atheros common stock) in exchange for each of your shares of Intellon common stock.

### ***Can I change my election after I submit an election form?***

Yes. You may revoke your election of the merger consideration with respect to your shares of Intellon common stock by delivering written notice of your revocation to the exchange agent prior to the election deadline. If you instructed a broker to submit an election for your shares, you must follow your broker's directions for changing those instructions. In addition, any election of merger consideration you make will automatically be revoked if the Merger Agreement is terminated. To change your election you must revoke your existing election and properly submit a new election form.

If an election is properly revoked with respect to shares of Intellon common stock represented by stock certificates, the certificates representing such shares will be promptly returned to the holder who submitted them to the exchange agent unless a new election is properly made.

You will not be entitled to revoke or change your election following the election deadline. As a result, if you make an election, then you will be unable to revoke your election or sell your shares of Intellon common stock during the interval between the election deadline and the date of completion of the Merger.

## **How to Get More Information**

### ***Where can I find more information about Intellon and Atheros?***

You can find more information about Intellon and Atheros from various sources described under the heading **Additional Information for Stockholders** **Where You Can Find More Information** beginning on page 115 of this proxy statement/prospectus.

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***Whom do I call if I have questions about the special meeting or the Merger?***

If you have any questions about the special meeting or the Merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact:

Innisfree M&A Incorporated  
501 Madison Avenue, 20<sup>th</sup> Floor  
New York, New York 10022  
Stockholders Call Toll-free: (877) 456-3427  
Banks & Brokers Call Collect: (212) 750-5833

If you need an additional election form, you should contact the exchange agent:

**Computershare Trust Company, N.A.**

c/o Voluntary Corporate Actions  
P.O. Box 43011  
Providence, RI 02940-3011

If you have any questions, you should contact the information agent:

199 Water Street 26<sup>th</sup> Floor  
New York, NY 10038  
Banks and Brokers Call: (212) 440-9800  
Call Toll Free: (888) 867-7092



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**SUMMARY**

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the Merger fully and for a more complete description of the legal terms of the Merger, you should carefully read this document and the documents to which we have referred you, including the Merger Agreement attached as Annex A to this proxy statement/prospectus. See [Additional Information for Stockholders](#) [Where You Can Find More Information](#) on page 115 of this proxy statement/prospectus.

**Who We Are**

**Atheros Communications, Inc.**

**5480 Great America Parkway**

**Santa Clara, CA 95054**

**(408) 773-5200**

Atheros Communications, Inc. is a global leader in innovative technologies for wireless and wired communications products that are used by a broad base of customers, including manufacturers of personal computers, networking equipment and consumer electronics devices. Atheros combines its wireless and wired systems and software expertise with its high-performance radio frequency, mixed signal and digital semiconductor design skills to provide highly integrated chipsets that are manufactured on low-cost, standard complementary metal-oxide semiconductor processes. Its product portfolio includes solutions for Wireless Local Area Network, or WLAN, Mobile WLAN, Ethernet, Bluetooth, and Global Positioning System.

**Intellon Corporation**

**5955 T. G. Lee Boulevard, Suite 600**

**Orlando, FL 32822**

**(407) 428-2800**

Intellon is a leading fabless semiconductor company that designs and sells integrated circuits, or ICs, for high-speed communications over existing electrical wiring. Intellon's ICs enable home connectivity, which is the sharing and moving of content among personal computers and other consumer electronics products in the home. Intellon also sells its ICs for use in powerline communications applications in electric utility and other commercial markets. In the utility market, Intellon's ICs enable various smart grid applications, which help utilities monitor and manage in-home electricity consumption during peak periods. In the commercial market, Intellon's ICs enable the distribution of broadband services over existing electrical wiring and coaxial cable to individual units within apartment buildings and other multiple dwelling units.

**Intellon's Reasons for the Merger and Recommendation of the Intellon Board of Directors to Intellon Stockholders (page 42)**

The Intellon board of directors has determined that the Merger is advisable, fair to, and in your best interests and unanimously recommends that you vote **FOR** the approval and adoption of the Merger Agreement and approval of the Merger and any adjournment of the special meeting.

You should refer to the factors considered by the Intellon board of directors in making its decision to approve the Merger Agreement and recommend its approval and adoption to the Intellon stockholders.

**Opinion of Intellon's Financial Advisor (page 53)**

In deciding to approve the Merger, Intellon received an opinion from Deutsche Bank Securities Inc., or Deutsche Bank, dated September 8, 2009, as to the fairness to the holders of Intellon common stock of the



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consideration to be received in the Merger from a financial point of view. This opinion is attached as Annex B to this proxy statement/prospectus. You may read this opinion for a discussion of the assumptions made, matters considered and limitations on the review by Deutsche Bank in rendering its opinion. This opinion does not constitute a recommendation to any stockholder as to how he or she should vote on the Merger or as to the form of consideration that a stockholder should elect.

### **Atheros Reasons for the Merger (page 45)**

The Atheros board of directors believes that the Merger with Intellon will enable Atheros to advance its mission of building a diversified communications semiconductor company offering a broad portfolio of product technologies that serve large and high-growth markets. Atheros believes that the Merger with Intellon will enhance its position as a leading provider of networking platforms that enable seamless delivery of voice, video and Internet traffic.

These anticipated benefits depend on several factors, including the ability to obtain the necessary approvals for the Merger, and on other uncertainties described beginning on page 22 of this proxy statement/prospectus.

### **What Intellon Stockholders Will Receive in the Merger (page 67)**

Intellon stockholders may elect to receive, for each share of Intellon common stock:

a combination of approximately 0.135 shares of Atheros common stock and \$3.60 in cash, which we refer to as the *mixed election* ;

up to 0.267 shares of Atheros common stock with any portion not paid in stock, due to the proration discussed below, paid in cash, which we refer to as the *stock election* ; or

up to \$7.30 in cash with any portion not paid in cash, due to the proration discussed below, paid in stock, which we refer to as the *cash election*.

If you do not make an election, you will be deemed to have made the cash election.

These elections are subject to proration based on (i) Intellon's capitalization at the Closing (ii) the number of shares electing each type of consideration, (iii) the requirement under the Merger Agreement to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration paid for all of the outstanding shares of Intellon common stock and equity awards, taken together, and (iv) the need to preserve the intended treatment of the transaction as a reorganization within the meaning of Section 368(a) of the Code. **This means that, even if you make the stock or cash election, you may receive a prorated amount of cash and Atheros common stock.** The formula that will be used to determine the actual amount of proration is described beginning on page 67 of this proxy statement/prospectus.

### ***Potential Value of Merger Consideration***

Based on the five-day average closing price of Atheros common stock on the NASDAQ Global Select Market on September 4, 2009, which was \$27.34, 0.267 shares of Atheros common stock had a value of \$7.30 and 0.135 shares of Atheros common stock had a value of \$3.70. The value of Atheros common stock will fluctuate prior to completion of the Merger.

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Solely for purposes of illustration, the following table reflects the per share amount of cash and the market value of the Atheros common stock that an Intellon stockholder would receive pursuant to the merger consideration, before proration adjustments are made to achieve an aggregate consideration mix permissible under the terms of the Merger Agreement.

Assumed Market	Per Share Mixed Election				
Price (per share of					
Atheros Common	Value of 0.135			Per Share	Per Share Stock
Stock)	of an	Cash Amount	Total Value	Cash	Election
	Atheros	Paid	of Mixed	Election	Value of 0.267 of an
	Share		Election	Cash Amount Paid	Atheros Share
\$20.00	\$ 2.71	\$ 3.60	\$ 6.31	\$ 7.30	\$ 5.34
\$25.00	\$ 3.38	\$ 3.60	\$ 6.98	\$ 7.30	\$ 6.68
\$27.34	\$ 3.70	\$ 3.60	\$ 7.30	\$ 7.30	\$ 7.30
\$30.00	\$ 4.06	\$ 3.60	\$ 7.66	\$ 7.30	\$ 8.01
\$35.00	\$ 4.73	\$ 3.60	\$ 8.33	\$ 7.30	\$ 9.35

The market prices of Atheros common stock used in the above table, and the assumptions regarding the mix of cash and stock a hypothetical Intellon stockholder would receive are for purposes of illustration only. The price of Atheros common stock fluctuates and may be higher or lower than in these examples at the time of the Closing. In addition, the percentage of cash and Atheros common stock paid in the Merger will depend on the aggregate elections made by Intellon stockholders. Further, due to the proration adjustment mechanisms stipulated in the Merger Agreement, the elections of other Intellon stockholders will impact the consideration mix ultimately received by any given stockholder.

**Intellon stockholders should consider the potential effects of proration and should obtain current market quotations for shares of Atheros common stock before electing the form of consideration they wish to receive. The market price of shares of Atheros common stock will fluctuate prior to completion of the Merger and thereafter.**

***Fractional Shares***

You will not be entitled to receive any fractional shares of Atheros common stock. Instead, you will be entitled to receive cash, without interest, for any fractional share of Atheros common stock you might otherwise have been entitled to receive, based on a portion of the proceeds from the sale of all fractional shares in the market.

***Stock Exchange Listing***

The shares of Atheros common stock are listed on the NASDAQ Global Select Market under the ticker symbol **ATHR**.

**Material Federal Income Tax Consequences of the Merger (page 46)**

The Merger has been structured to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to in this document as the Code. Unless such condition is waived by Intellon, the obligation of Intellon to consummate the Merger is conditioned on the receipt by Intellon of a written tax opinion from Dechert LLP, counsel to the Intellon board of directors, to the effect that, for U.S. federal income tax purposes, the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code; *provided, however*, that if Dechert does not render the tax opinion, the condition shall be deemed satisfied if the tax opinion is rendered by counsel to Atheros.

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Assuming the Merger qualifies as a reorganization, in general:

If you receive a combination of Atheros common stock and cash in exchange for your Intellon common stock and your tax basis in your Intellon common stock is less than the sum of the cash and the fair market value, as of the Closing, of the Atheros common stock received, you generally will recognize gain equal to the lesser of (1) the sum of the cash and the fair market value of the Atheros common stock you receive, minus the tax basis of your Intellon common stock surrendered and (2) the amount of cash you receive in the Merger. However, if your tax basis in the Intellon common stock surrendered in the Merger is greater than the sum of the cash and the fair market value of the Atheros common stock you receive, your loss will not be currently allowed or recognized for federal income tax purposes.

If you receive solely Atheros common stock in exchange for Intellon common stock, then you generally will not recognize any gain or loss, except with respect to cash you receive in lieu of fractional shares of Atheros common stock.

If you receive solely cash in exchange for your Intellon common stock, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and the tax basis in your shares of Intellon common stock.

You should read *The Merger Material Federal Income Tax Consequences of the Merger* beginning on page 46 of this proxy statement/prospectus for a more complete discussion of the United States federal income tax consequences of the Merger. We urge you to consult with your tax advisor for a full understanding of the tax consequences of the Merger to you, including the effects of state, local and non-U.S. tax laws.

### **Ownership of Atheros After the Merger**

Assuming Intellon stockholders elect to receive the mixed election, Atheros will issue approximately 4.2 million shares of Atheros common stock to Intellon stockholders in the Merger. The shares of Atheros common stock to be issued to Intellon stockholders in the Merger will represent approximately 6.4% of the outstanding Atheros common stock after the Merger. This information is based on the number of Atheros and Intellon shares outstanding on September 4, 2009 and does not take into account stock options or other equity-based awards or any other shares that may be issued before the Merger as allowed by the Merger Agreement.

### **Intellon Stockholder Vote Required to Approve the Merger (page 95)**

Approval and adoption of the Merger Agreement and approval of the Merger requires the affirmative vote of a majority of the shares of Intellon common stock outstanding as of the close of business on \_\_\_\_\_, 2009, the record date for the special meeting of Intellon stockholders. As of the record date, Intellon's directors, executive officers and their affiliates beneficially owned in the aggregate approximately \_\_\_\_\_% of Intellon's outstanding common stock entitled to vote at the special meeting.

### **Appraisal Rights (page 49)**

You have the right to dissent from the Merger and obtain, in lieu of the merger consideration, a payment in cash of the fair value of your Intellon shares, as determined by the Delaware Chancery Court. To exercise appraisal rights, you must strictly follow the procedures prescribed by Delaware law. If you want to exercise appraisal rights, you should not submit a form of election, which will be considered a withdrawal of any previously filed written demand for appraisal.

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### **The Interests of Certain Intellon Officers and Directors in the Merger May Differ from Your Interests (page 59)**

When you consider the recommendation of the Intellon board of directors that stockholders vote for approval and adoption of the Merger Agreement and approval of the Merger and any adjournment of the special meeting, you should be aware that some Intellon officers and directors may have interests in the Merger that may be different from, or in addition to, the interests of Intellon stockholders generally. The Intellon board of directors was aware of these interests and considered them in approving the Merger Agreement and the Merger.

### **Accounting Treatment (page 46)**

The combination of the two companies will be accounted for as an acquisition of Intellon by Atheros using the acquisition method of accounting.

### **Completion of the Merger is Subject to Certain Conditions (page 79)**

The completion of the Merger depends upon meeting a number of conditions, including the following:

approval and adoption of the Merger Agreement and approval of the Merger by Intellon stockholders;

expiration or termination of the relevant waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, as amended, or the HSR Act;

absence of any legal prohibition on completion of the Merger;

the registration statement of which this proxy statement/prospectus is a part having been declared effective by the Securities and Exchange Commission, or the SEC;

approval for listing on the NASDAQ Global Select Market of the shares of Atheros common stock to be issued in the Merger;

performance or compliance by the other party in all material respects of its obligations under the Merger Agreement required to be performed by it at or prior to the Closing;

accuracy as of the Closing of the representations and warranties made by the other party; and

unless such condition is waived by Intellon, the receipt by Intellon of an opinion of tax counsel to the effect that the Merger will qualify as a reorganization under the Code.

If the law permits, either Atheros or Intellon could choose to waive a condition to its obligations to complete the Merger even though that condition has not been satisfied.

### **No Solicitation (page 73)**

Intellon has agreed that it and its subsidiaries will not, and that it will cause its and its subsidiaries' respective officers, directors, employees, advisors and other representatives, directly or indirectly, to not:

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solicit, initiate or take any action to knowingly encourage or knowingly facilitate the making of any alternative acquisition proposal involving Intellon or any inquiry with respect to an alternative acquisition proposal;

engage in discussions or negotiations with any person with respect to an alternative acquisition proposal or any inquiry with respect thereto;

furnish or disclose any nonpublic information or, except as required by law, afford access to the business, properties, books or records to, or otherwise assist or take any action to knowingly encourage or facilitate, any effort by any third party that has made, or is considering making, an alternative acquisition proposal;

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fail to make, withdraw or modify the recommendation of the Intellon board of directors that its stockholders approve the Merger, or the Intellon board recommendation, in a manner adverse to Atheros or publicly recommend any alternative acquisition proposal or take any public action or make any public statement inconsistent with the Intellon board recommendation, or collectively, an adverse recommendation change; or

enter into any agreement, letter of intent, term sheet or similar instrument relating to an alternative acquisition proposal.

See The Merger Agreement Covenants No Solicitation beginning on page 73 of this proxy statement/prospectus for the definition of alternative acquisition proposal.

**We Have Not Yet Obtained All Regulatory Approvals (page 49)**

The Merger is also subject to regulatory review in jurisdictions other than the United States.

Atheros and Intellon are working to obtain the required regulatory approvals and consents. However, although we expect to receive the remaining required regulatory approvals, we can give no assurance as to when or whether these approvals and consents will be obtained or the terms and conditions that may be imposed.

As described beginning on page 79 of this proxy statement/prospectus, Atheros and Intellon are not required to close the Merger unless the regulatory conditions to completion of the Merger are satisfied.

**The Merger Agreement May Be Terminated (page 80)**

Either Atheros or Intellon can terminate the Merger Agreement if any of the following occurs:

the Merger is not completed by February 26, 2010 (unless extended due to delay in obtaining antitrust approval);

the approval of Intellon stockholders has not been obtained by reason of the failure to obtain the required vote at the special meeting or any adjournment of the special meeting;

a law or court order permanently prohibits the Merger; or

a breach by the other party of any of its representations, warranties, agreements or covenants in the Merger Agreement if that breach would result in the failure to satisfy the closing condition relating to the representations, warranties and covenants and the breach is not cured within the time specified in the Merger Agreement.

In addition, Atheros can terminate the Merger Agreement if (a) the Intellon board of directors makes an adverse recommendation change, (b) Intellon fails to include its board of director's recommendation that its stockholders approve the Merger Agreement and the Merger in the proxy statement/prospectus, (c) the Intellon board of directors approves, recommends or adopts, or publicly proposes to approve, recommend or adopt, an alternative acquisition proposal or recommends that its stockholders tender their shares in any tender or exchange constituting an alternative acquisition proposal, (d) Intellon fails to comply with its obligations to hold the special meeting within the time specified in the Merger Agreement or (e) Intellon materially breaches its obligations under the Merger Agreement with respect to non-solicitation of other acquisition proposals and fails to cease its activities causing the breach within 24 hours of notice from Atheros.

Intellon can terminate the Merger Agreement if, prior to obtaining stockholder approval, the Intellon board of directors receives a superior proposal and believes the failure to accept such superior proposal would be a breach of its fiduciary duties; Intellon has complied with its obligations under the Merger Agreement with respect to nonsolicitation of other acquisition proposals; and Intellon agrees to pay the termination fee discussed below.





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Neither party can terminate the Merger Agreement for the reasons described in the first bullet point above if the Merger has not closed because of that party's failure to fulfill any obligation under the Merger Agreement.

Finally, Atheros and Intellon can mutually agree to terminate the Merger Agreement even if the Merger has been approved by Intellon's stockholders.

### **Fees May Be Payable on Termination (page 81)**

Intellon must pay Atheros a termination fee of \$8.5 million in cash if:

Atheros terminates the Merger Agreement because the Intellon board of directors makes an adverse recommendation change, because Intellon fails to include its board of director's recommendation that its stockholders approve the Merger Agreement and the Merger in the proxy statement/prospectus, because the Intellon board of directors approves, recommends or adopts, or publicly proposes to approve, recommend or adopt, an alternative acquisition proposal, because Intellon fails to comply with its obligations to hold the special meeting or because Intellon has materially breached its obligation to refrain from soliciting other acquisition proposals;

Intellon terminates the Merger Agreement because, prior to obtaining stockholder approval, the Intellon board of directors receives a superior proposal and believes after consultation with outside counsel that the failure to accept such superior proposal would reasonably be likely to be a breach of its fiduciary duties and Intellon has complied with its obligations under the Merger Agreement with respect to the non-solicitation of other acquisition proposals and Intellon agrees to pay the termination fee; or

either Atheros or Intellon terminates the Merger Agreement because Intellon's stockholders do not approve the Merger and, prior to such termination, a proposal by a third party for an alternative transaction was communicated publicly or any person publicly announced an intention to make an alternative acquisition proposal and Intellon enters into a definitive agreement for such alternative transaction within 12 months after the termination of the Merger Agreement. For purposes of a termination fee on these grounds, all references in the definition of "alternative acquisition proposal" in the Merger Agreement with respect to the percentage of assets or securities of Intellon to be acquired that would trigger an "alternative acquisition proposal," will be 50% instead of 20%.

### **Market Price Information**

Atheros common stock trades on the NASDAQ Global Select Market. Intellon common stock trades on the NASDAQ Global Market. On September 4, 2009, the last trading day before the public announcement of the Merger, Atheros common stock closed at \$27.98 per share and Intellon common stock closed at \$5.00 per share.

On September 28, 2009, the most recent practicable date prior to the date of this proxy statement/prospectus, Atheros common stock closed at \$27.42 per share and Intellon common stock closed at \$7.24 per share. Based on the five-day average closing price of Atheros' common stock on the NASDAQ Global Select Market on September 4, 2009, the value of the Atheros common stock to be received by Intellon stockholders who make the stock election would be \$7.30, and the value of the Atheros common stock to be received by Intellon stockholders who make the mixed election would be approximately \$3.70 per share, in each case, subject to proration. We urge you to obtain current market quotations.

**Table of Contents****Atheros Summary Selected Historical Consolidated Financial Data**

The following table sets forth certain consolidated financial data of Atheros. The selected consolidated statements of operations data for the years ended December 31, 2008, 2007 and 2006 and the selected consolidated balance sheet data as of December 31, 2008 and 2007 were derived from the consolidated financial statements included in Atheros Annual Report on Form 10-K for the year ended December 31, 2008 which is incorporated by reference into this proxy statement/prospectus. The selected consolidated statements of operations data for the years ended December 31, 2005 and 2004 and the selected consolidated balance sheet data as of December 31, 2006, 2005 and 2004 are derived from Atheros audited consolidated financial statements, which are not incorporated by reference into this proxy statement/prospectus. The consolidated financial information as of and for the six month periods ended June 30, 2009 and 2008 is derived from Atheros unaudited consolidated financial statements included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 which is incorporated by reference into this proxy statement/prospectus. You should read these financials together with Atheros Management Discussion and Analysis of Financial Condition and Results of Operations and Atheros historical consolidated financial statements and notes thereto. The historical results are not necessarily indicative of results to be expected in the future. See Selected Historical Consolidated Financial Data of Atheros and Additional Information for Stockholders beginning on page 83, and 115, respectively, of this proxy statement/prospectus.

	Six Months Ended		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(in thousands, except per share data)						
<b>Consolidated Statements of Operations Data:</b>							
Net revenue	\$ 200,149	\$ 236,036	\$ 472,396	\$ 416,960	\$ 301,691	\$ 183,485	\$ 169,607
Income (loss) from operations	(10,694)	16,352	25,906	34,947	17,865	5,550	9,676
Net income (loss)	\$ (7,802)	\$ 13,542	\$ 18,872	\$ 39,980	\$ 18,678	\$ 16,688	\$ 10,824
Basic net income (loss) per share	\$ (0.13)	\$ 0.23	\$ 0.32	\$ 0.71	\$ 0.36	\$ 0.34	\$ 0.25
Diluted net income (loss) per share	\$ (0.13)	\$ 0.22	\$ 0.30	\$ 0.67	\$ 0.34	\$ 0.31	\$ 0.21
<b>Consolidated Balance Sheet Data:</b>							
Cash, cash equivalents and short-term marketable securities	\$ 340,624	\$ 252,574	\$ 293,758	\$ 219,544	\$ 185,906	\$ 173,645	\$ 154,485
Working capital	369,703	300,917	341,844	252,283	204,465	190,399	170,039
Long-term investments	17,255	26,066	16,963	30,453			
Total assets	603,676	574,413	615,708	522,137	364,058	239,179	206,363
Total stockholders equity	491,688	441,852	471,478	401,457	280,942	196,966	173,040

**Table of Contents****Intellon Summary Selected Historical Consolidated Financial Data**

The following table sets forth certain consolidated financial data of Intellon. The selected consolidated statements of operations data for the years ended December 31, 2008, 2007 and 2006 and the selected consolidated balance sheet data as of December 31, 2008 and 2007 were derived from the consolidated financial statements included in Intellon's Annual Report on Form 10-K for the year ended December 31, 2008 which is incorporated by reference into this proxy statement/prospectus. The selected statements of operations data set forth below for each of the years ended December 31, 2005 and 2004, and the selected consolidated balance sheet data as of December 31, 2006, 2005 and 2004 are derived from Intellon's audited consolidated financial statements, which are not incorporated by reference into this proxy statement/prospectus. Intellon's consolidated financial statement data set forth below as of and for the six months ended June 30, 2009 and 2008 are derived from Intellon's unaudited financial statements included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which is incorporated by reference into this proxy statement/prospectus. You should read these financials together with Intellon's Management's Discussion and Analysis of Financial Condition and Results of Operations and Intellon's historical consolidated financial statements and notes thereto. The historical results are not necessarily indicative of results to be expected in the future. See Selected Historical Consolidated Financial Data of Intellon and Additional Information for Stockholders beginning on page 85, and 115, respectively, of this proxy statement/prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>(in thousands, except per share data)</b>							
<b>Consolidated Statements of Operations Data:</b>							
Revenue	\$ 32,983	\$ 34,442	\$ 75,378	\$ 52,313	\$ 33,718	\$ 16,576	\$ 12,501
Operating income (loss)	227	(1,762)	(126)	(8,312)	(8,394)	(12,967)	(12,247)
Net income (loss)	332	(1,187)	921	(7,315)	(7,797)	(12,516)	(12,080)
Net income (loss) attributable to common shareholders	\$ 332	\$ (1,187)	\$ 921	\$ (14,074)	\$ (13,104)	\$ (17,486)	\$ (21,541)
Net income (loss) attributable to common shareholders per common share:							
Basic	\$ 0.01	\$ (0.04)	\$ 0.03	\$ (4.25)	\$ (9.19)	\$ (19.41)	\$ (36.47)
Diluted	\$ 0.01	\$ (0.04)	\$ 0.03	\$ (4.25)	\$ (9.19)	\$ (19.41)	\$ (36.47)
<b>Consolidated Balance Sheet Data:</b>							
Cash, cash equivalents and short-term investments	\$ 62,109	\$ 58,959	\$ 55,605	\$ 52,074	\$ 24,978	\$ 16,981	\$ 5,288
Total working capital	68,599	64,931	67,468	60,523	27,469	18,106	7,000
Total assets	83,832	80,017	81,221	73,421	38,519	26,505	12,872
Total redeemable convertible preferred stock					85,333	63,040	48,296
Shareholders' equity (deficit)	73,632	69,179	72,212	64,007	(54,498)	(42,107)	(38,786)

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**Summary Selected Unaudited Pro Forma Condensed Combined Financial Information**

The Merger will be accounted for using the acquisition method of accounting in accordance with generally accepted accounting principles, or GAAP. The tangible and intangible assets and liabilities of Intellon will be recorded as of the Closing at their respective fair values, and assumed by and added to those of Atheros. For a detailed description of the acquisition accounting method, see Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 86 of this proxy statement/prospectus.

The following selected unaudited pro forma condensed combined balance sheet information as of June 30, 2009 and the selected unaudited pro forma condensed combined statements of operations information for the year ended December 31, 2008 and the six months ended June 30, 2009 are based on the separate historical consolidated financial statements of Atheros and Intellon, which are incorporated by reference into this proxy statement and reflect the Merger and related events and apply the assumptions and adjustments described in the notes to the Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 86 of this proxy statement/prospectus. The selected unaudited pro forma condensed combined statements of operations for the year ended December 31, 2008 and the six months ended June 30, 2009 reflect the Merger and related events as if they had been consummated on January 1, 2008 with recurring merger-related adjustments reflected in each of the periods. The selected unaudited pro forma condensed combined balance sheet as of June 30, 2009 reflects the Merger and related events as if they had been consummated on June 30, 2009. For purposes of the pro forma data we have used the mixed election of 0.135 shares of Atheros common stock and \$3.60 of cash for one share of Intellon common stock exchanged. The actual percentage of cash and Atheros common stock an Intellon stockholder will receive depends upon such stockholder's election and the elections made by other Intellon stockholders and any resulting proration. For a discussion of the assumptions and adjustments made in preparing the unaudited pro forma condensed combined financial statements, see Unaudited Pro Forma Condensed Combined Financial Statements, beginning on page 86 of this proxy statement/prospectus.

The pro forma adjustments are based upon available information and assumptions that management believes reasonably reflect the Merger. The selected unaudited pro forma condensed combined financial statements do not include the effects of the costs associated with any restructuring or integration activities resulting from the Merger. In addition, the selected unaudited pro forma condensed combined financial statements do not include the potential realization of any cost savings from operating efficiencies or synergies resulting from the transaction, nor do they include any potential incremental revenues and earnings that may be achieved with the combined capabilities of the companies. The final acquisition consideration and a final acquisition consideration allocation, which will be determined subsequent to the Closing, and its effect on results of operations, may differ significantly from the pro forma amounts included in the selected unaudited pro forma condensed combined financial statements. These amounts represent the managements' best estimate as of the date of this proxy statement/prospectus.

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This summary of pro forma data is being provided for illustrative purposes only. Atheros and Intellon may have performed differently had the Merger occurred prior to the period presented. In addition, since the unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of acquisition consideration and fair values of assets acquired and liabilities assumed, the actual amounts recorded may differ materially from the information presented. You should not rely on the pro forma per share data presented as being indicative of the results that would have been achieved had Atheros and Intellon been combined during the period presented or of the future operations of the combined company following the Merger.

	<b>Six Months Ended June 30, 2009 (In thousands, except per share amounts)</b>	<b>Year Ended December 31, 2008</b>
<b>Statements of Operations Data:</b>		
Revenues	\$ 233,132	\$ 547,774
Operating (loss) income	(22,383)	1,939
Net (loss) income	(15,627)	2,664
Net (loss) income per share of common stock:		
Basic	\$ (0.24)	\$ 0.04
Diluted	\$ (0.24)	\$ 0.04
		<b>June 30, 2009 (In thousands)</b>
<b>Balance Sheet Data:</b>		
Cash, cash equivalents and short-term investments		\$ 289,895
Total assets		778,299
Total liabilities		175,470
Stockholders' equity		602,829

**Unaudited Comparative Per Share Information**

Set forth below are the Atheros and Intellon historical and pro forma amounts per share of common stock for basic and diluted net income (loss) and book value. For purposes of the pro forma share amounts we have used the mixed election of approximately 0.135 shares of Atheros common stock and \$3.60 in cash. The actual percentage of cash and Atheros common stock an Intellon stockholder will receive depends upon (i) Intellon's capitalization at the Closing, (ii) the number of shares electing each type of consideration, (iii) the requirement under the Merger Agreement to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration and (iv) the need to preserve the intended treatment of the transaction as a reorganization within the meaning of Section 368(a) of the Code. For a discussion of the assumptions and adjustments made in preparing the unaudited pro forma condensed combined financial statements, see Unaudited Pro Forma Condensed Combined Financial Statements, beginning on page 86 of this proxy statement/prospectus.

The following Atheros and Intellon historical and pro forma amounts per share of common stock for basic and diluted net income (loss) for the year ended December 31, 2008 and six months ended June 30, 2009 and book value as of June 30, 2009 are based on the separate historical consolidated financial statements of Atheros and Intellon, which are incorporated by reference into this proxy statement/prospectus and reflect the Merger and related events and apply the assumptions and adjustments described in the notes to the unaudited pro forma condensed combined financial statements beginning on page 86 of this proxy statement/prospectus. The combined pro forma per share basic and diluted net income (loss) for the year ended December 31, 2008 and six months ended June 30, 2009 reflect the Merger and related events as if they had been consummated on January 1, 2008 with recurring merger-related adjustments reflected in each of the periods. The combined pro forma per share book value as of June 30, 2009 reflect the Merger and related events as if they had been consummated on June 30, 2009.

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The pro forma information below is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the acquisition had been completed on January 1, 2008 for statement of operations purposes and on June 30, 2009 for balance sheet purposes, nor is it necessarily indicative of the future operating results or financial position of the combined company. The financial results may have been different had the companies always been combined. The business of Atheros and Intellon may have performed differently had the Merger occurred prior to the period presented. In addition, since the unaudited pro forma condensed combined financial statements have been prepared based on preliminary estimates of acquisition consideration and fair values of assets acquired and liabilities assumed, the actual amounts recorded may differ materially from the information presented. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or of the future results of the combined company. This pro forma information is subject to risks and uncertainties, including those discussed under "Risk Factors" below.

The historical book value per share is computed by dividing total stockholders' equity by the number of shares of common stock outstanding at the end of the period. The pro forma per share income of the combined company is computed by dividing the pro forma total income of the combined company by the pro forma weighted-average number of shares of common stock of the combined company outstanding over the period. The pro forma combined book value per share is computed by dividing total pro forma stockholders' equity of the combined company by the pro forma number of shares of common stock of the combined company outstanding at the end of the period. Intellon equivalent pro forma combined per share amounts are calculated by multiplying the pro forma combined per share amounts by 0.135, the assumed fraction of a share of Atheros common stock that would be exchanged for each share of Intellon common stock in the acquisition. The Intellon equivalent per share amounts do not include the benefits of the cash portion of the acquisition consideration.

	Atheros Historical	Intellon Historical	Pro Forma Combined	Intellon Equivalents(1)
<b>Year Ended December 31, 2008</b>				
Net income (loss) per share:				
Basic	\$ 0.32	\$ 0.03	\$ 0.04	\$ 0.01
Diluted	\$ 0.30	\$ 0.03	\$ 0.04	\$ 0.01
<b>Six Months Ended June 30, 2009</b>				
Net income (loss) per share:				
Basic	\$ (0.13)	\$ 0.01	\$ (0.24)	\$ (0.03)
Diluted	\$ (0.13)	\$ 0.01	\$ (0.24)	\$ (0.03)
<b>As of June 30, 2009:</b>				
Book value per share	\$ 7.97	\$ 2.37	\$ 9.15	\$ 1.24

- (1) Intellon equivalent per share amounts are calculated by multiplying pro forma per share amounts by the exchange ratio of 0.135, the estimated portion of the acquisition consideration to be paid in shares of Atheros common stock, assuming the mixed election.

**Comparative Market Value of Securities**

The following table sets forth the closing price per share of Atheros common stock and the closing price per share of Intellon common stock on September 4, 2009 (the last business day preceding the public announcement of the Merger) and September 28, 2009 (the most recent practicable trading date). The table also presents the equivalent market value per share of Intellon common stock:

for a mixed election, by multiplying the closing price per share of Atheros common stock on each of the two dates by the mixed election exchange ratio of 0.135 and adding \$3.60; and

for a stock election, by multiplying the closing price per share of Atheros common stock on each of the two dates by the stock election exchange ratio of 0.267, assuming no proration.

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You are urged to obtain current market quotations for shares of Atheros common stock and Intellon common stock before making a decision with respect to the Merger. No assurance can be given as to the market prices of Atheros common stock or Intellon common stock at the Closing. Because the merger consideration will not be adjusted for changes in the market price of Atheros common stock, the market value of the shares of Atheros common stock that holders of Intellon common stock will receive at the effective time of the Merger may vary significantly from the market value of the shares of Atheros common stock that holders of Intellon common stock would have received if the Merger were consummated on the date of the Merger Agreement or on the date of this proxy statement/prospectus.

	Closing Price per Share	
	September 4, 2009	September 28, 2009
Atheros Common Stock	\$ 27.98	\$ 27.42
Intellon Common Stock	\$ 5.00	\$ 7.24
Intellon Mixed Election Equivalent	\$ 7.38	\$ 7.30
Intellon Stock Election Equivalent	\$ 7.47	\$ 7.32



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**RISK FACTORS**

*By voting for the approval and adoption of the Merger Agreement and approval of the Merger at the special meeting, Intellon stockholders will be choosing to invest in Atheros common stock. An investment in Atheros common stock involves a high degree of risk. In deciding whether to vote for the approval and adoption of the Merger Agreement, and approval of the Merger, you should consider the matters described below, as well as all of the information included in this proxy statement/prospectus and its annexes and all of the information included in the documents incorporated into this proxy statement/prospectus by reference, especially the risks described in Atheros' Annual Report on Form 10-K for the year ended December 31, 2008 and in Atheros' Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 and in Intellon's Annual Report on Form 10-K for the year ended December 31, 2008 and in Intellon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009. A discussion of additional risks and uncertainties regarding Atheros and Intellon can be found in the information that is incorporated by reference in this proxy statement/prospectus and referred to in the section entitled "Where You Can Find Additional Information" beginning on page 115 of this proxy statement/prospectus. Also see the matters addressed in "Cautionary Statement Regarding Forward-Looking Statements" on page 1 of this proxy statement/prospectus.*

If any of the events, contingencies, circumstances or conditions described in the following risks and in Atheros' Form 10-K and Form 10-Q, and Intellon's Form 10-K and Form 10-Q referenced above actually occur, Atheros' and Intellon's respective businesses, financial condition or their results of operations (both separately and as combined) could be impacted. If that happens, the trading price of Atheros common stock or Intellon common stock could decline and you may lose part or all of the value of any Atheros shares or Intellon shares held by you. Additional risks and uncertainties not presently known to Atheros and Intellon or that they do not currently believe are important to an investor, if they materialize, also may adversely affect the Merger, Atheros, Intellon and the combined company.

**Risk Factors Relating to the Merger**

*The portion of the merger consideration to be paid in Atheros common stock will not be adjusted in the event the value of Atheros common stock declines before the Merger is completed. As a result, the value of the shares of Atheros common stock at the time that Intellon stockholders receive them could be less than the value of those shares today.*

The number of shares of Atheros common stock that Intellon stockholders may receive in the Merger is fixed even though the stock price of Atheros may increase or decrease. While Intellon stockholders will have a choice to elect to receive for each share of Intellon common stock a combination of approximately 0.135 shares of Atheros common stock and \$3.60 in cash, up to 0.267 shares of Atheros common stock (with the balance paid in cash) or up to \$7.30 in cash (with the balance paid in stock), subject to proration, Atheros and Intellon will not adjust the merger consideration as a result of any change in the market price of Atheros common stock between the date of this proxy statement/prospectus and the date that you receive shares of Atheros common stock in exchange for your shares of Intellon common stock. The market price of Atheros common stock will likely be different, and may be lower, on the date you receive your shares of Atheros common stock than the market price of shares of Atheros common stock as of the date of this proxy statement/prospectus. Therefore, at the time of the special meeting, you will not know the precise dollar value of the merger consideration you will be entitled to receive upon completion of the Merger and you are encouraged to obtain current market quotations for Atheros common stock and Intellon common stock. Differences in Atheros' stock price may be the result of changes in the business, operations or prospects of Atheros, market reactions to the proposed Merger, general market and economic conditions or other factors. If the market price of Atheros common stock declines after you vote, the value of the Atheros common stock you receive may be less than what you expected when you voted. Neither Atheros nor Intellon is permitted to terminate the Merger Agreement or rescind the vote of Intellon stockholders because of changes in the market prices of their respective common stock.

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***The value of Atheros common stock at the Closing or at any time thereafter may not exceed the per share merger consideration. Since you will not know the exact mix of consideration you will receive, Intellon stockholders electing cash could receive more shares than they expect and stockholders electing shares may receive more cash than they expect which may affect the overall value you ultimately receive and may result in unanticipated recognized gain for federal income tax purposes.***

The consideration each Intellon stockholder elects to receive in the Merger is subject to adjustment to preserve the overall mix of consideration so that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration (based on the trading value of the shares of Atheros common stock on September 4, 2009). If you make the stock election and the stock election is oversubscribed, then you will receive a portion of the merger consideration in cash. Similarly, if you make the cash election and the cash election is oversubscribed, then you will receive a portion of the merger consideration in shares of Atheros common stock. If you make the mixed election the exact breakdown between stock and cash may change based on Intellon's capitalization as of the Closing, among other factors. Accordingly, you may not receive exactly the type of consideration you elect to receive in the Merger. If you receive more shares of Atheros common stock than you expected, and the price of Atheros common stock declines, you would receive less overall value than you expected. If you receive more cash than you expected, and the market value of Atheros common stock increases, you would receive less overall value than you expected. In addition, if you receive a different portion of cash and shares than you expected, you would also have tax consequences that differ from those that would have resulted if you had received the form of consideration that you elected (including the potential recognition of gain, or more gain, for federal income tax purposes if you receive more cash than you expected). A discussion of the proration mechanism can be found under the heading **The Merger Agreement Merger Consideration** and a discussion of the material federal income tax consequences of the Merger can be found under the heading **The Merger Material Federal Income Tax Consequences of the Merger**.

***If you deliver shares of Intellon common stock to make an election, you will not be able to sell those shares unless you revoke your election prior to the election deadline.***

If you are a holder of Intellon common stock and wish to elect the type of merger consideration you prefer to receive in the Merger, you must deliver your stock certificates or confirmation of book-entry transfer (or a properly completed notice of guaranteed delivery or affidavit of lost certificate) and a properly completed and signed election form to the exchange agent prior to the election deadline, which is 5:00 p.m., Eastern Time, on the day before the special meeting, which is currently scheduled for \_\_\_\_\_, 2009. You will not be able to sell any shares of Intellon common stock that you have delivered unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in Intellon common stock for any reason until you receive cash or Atheros common stock, or both, in the Merger. In the time between delivery of your shares and the Closing (or the returning of your stock certificates if the Merger is not consummated), the trading price of common stock of Intellon or Atheros may increase or decrease, and you might otherwise want to sell your shares of Intellon to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment. The date that you will receive your merger consideration depends on the completion date of the Merger, which is uncertain. The completion date of the Merger might be later than expected due to unforeseen events, such as delays in obtaining required consents and approvals or if the stockholders do not approve and adopt the Merger Agreement and approve the Merger at the special meeting.

***Atheros may not be able to realize all of the anticipated benefits of the transaction if it fails to integrate Intellon successfully, which could reduce Atheros profitability and adversely affect its stock price.***

The combined company's ability to realize the anticipated benefits of the Merger will depend, in part, on the ability of Atheros to integrate the business of Intellon successfully and efficiently with Atheros. The combination of two independent companies is a complex, costly and time-consuming process. The integration process may disrupt the business of either or both of the companies and, if implemented ineffectively, preclude realization of the full benefits expected by Atheros and Intellon. If Atheros is not successful in this integration, its financial

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results could be adversely impacted. Atheros management will be required to dedicate significant time and effort to this integration process, which could divert their attention from other business concerns. In addition, the overall integration of the two companies may result in unanticipated problems, expenses, liabilities, competitive responses, loss of customer and other relationships, a loss of key employees, and diversion of management's attention, and may cause Atheros stock price to decline. The difficulties of combining the operations of the two companies include, among others:

challenges associated with minimizing the diversion of management attention from ongoing business concerns;

addressing differences in the business cultures of Atheros and Intellon;

coordinating geographically separate organizations which may be subject to additional complications resulting from being geographically distant from other Atheros operations;

coordinating and combining international operations, relationships, and facilities, and eliminating duplicative operations;

retaining key employees and maintaining employee morale, particularly in areas where Atheros does not currently have personnel;

unanticipated changes in general business or market conditions that might interfere with Atheros ability to carry out all of its integration plans;

unanticipated issues in integrating information, communications and other systems;

preserving important strategic and customer relationships; and

unanticipated issues in integrating the information systems of the two companies.

In addition, even if the operations of Atheros and Intellon are integrated successfully, the combined company may not realize the full potential benefits of the transaction, including the synergies, cost savings, benefits of product diversification or sales or growth opportunities that are expected. Such benefits may not be achieved within the anticipated time frame, or at all. As a result, Atheros and Intellon cannot assure you that the combination of Atheros and Intellon will result in the realization of the full benefits anticipated from the Merger.

***Atheros may not be successful in expanding into the markets currently served by Intellon and in addressing the potential new opportunities that may arise out of the combination.***

Intellon designs and sells ICs for high-speed communications over existing electrical wiring. While Atheros believes Intellon's business is complementary to its own, Intellon's products serve different markets than Atheros, and Atheros does not have experience competing in these markets. Further, due to Atheros' inexperience in the markets, it may have overestimated the benefits of entering into these markets. The success of any expansion into these new markets by the combined company will depend on a number of factors, including:

the ability to incorporate each company's strengths to provide improved solutions to key customers and applications;

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the ability to assimilate and retain key Intellon personnel who have expertise in conducting Intellon's business;

the ability to preserve and grow Intellon's existing customer, distributor and strategic relationships;

the ability to design and develop innovative products and solutions in these new markets and to continue Intellon's success in achieving design wins with key customers;

the ability to provide high quality customer services and support; and

the ability to compete effectively against a larger number and broader range of competitors resulting from Atheros' entry into new markets.

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*Some of the directors and executive officers of Intellon may have interests and arrangements that could have influenced their decisions to support or approve the Merger.*

When considering the recommendation by the Intellon board of directors to vote FOR approval and adoption of the Merger Agreement and approval of the Merger, you should be aware that the interests of some of the directors and executive officers of Intellon may be different from those of Intellon stockholders, and directors and officers of Intellon may have participated in arrangements that are different from, or in addition to, those of Intellon stockholders. These interests are described in more detail in the section of this proxy statement/prospectus titled The Merger Interests of Intellon Directors and Executive Officers in the Merger beginning on page 59 of this proxy statement/prospectus.

*Intellon may need to obtain consents from third parties under important agreements as a result of the Merger, and if it cannot obtain these consents, Intellon and/or Atheros may not be able to maintain these relationships on favorable terms or at all.*

Intellon and Atheros are in the process of determining the need to obtain consents from third parties under some of Intellon's agreements as a result of the Merger. If they are unable to obtain any of the required consents, Atheros may be forced to renegotiate these agreements or enter into new agreements with various third parties. Agreements that are important to Intellon's business that potentially require consents include, but are not limited to, agreements that contain significant intellectual property rights, rights under membership agreements with standards organizations, property lease rights, pricing terms, rights to software design tools, consulting arrangements and distribution rights. There can be no assurance that Atheros will be able to negotiate new agreements on terms as favorable to it as those that Intellon had, or at all. If Intellon and Atheros are unable to obtain these consents and Atheros is unable to enter into new agreements with these third parties, the combined company may be prohibited from using such third party's intellectual property, which could negatively impact the combined company's revenue and operating results.

*The combined company will incur significant transaction and merger-related costs in connection with the Merger.*

Intellon and Atheros expect to incur significant costs associated with negotiating and completing the Merger and combining the operations of the two companies. These costs include significant legal, accounting and financial advisory fees, among other costs. The exact magnitude of these costs is not yet known. In addition, there may be unanticipated costs associated with the integration of the two companies. Although Intellon and Atheros expect that the elimination of duplicative costs and other efficiencies may offset incremental transaction and merger-related costs over time, these benefits may not be achieved in the near term, or at all.

*The Merger Agreement limits Intellon's ability to pursue alternatives to the Merger and could negatively impact the stock price of Intellon if the Merger Agreement is terminated in certain circumstances.*

The Merger Agreement contains provisions that make it more difficult for Intellon to sell its business to a party other than Atheros. These provisions include the prohibition on Intellon soliciting any acquisition proposal or offer for a competing transaction and the requirement that Intellon pay a termination fee of \$8.5 million if the Merger Agreement is terminated in specified circumstances thereafter, including if an alternative transaction is entered into or completed under specified circumstances. See The Merger Agreement Covenants, The Merger Agreement Termination of the Merger Agreement and The Merger Agreement Covenants Intellon's Board of Directors Recommendation to Stockholders.

Atheros required Intellon to agree to these provisions as a condition to Atheros' willingness to enter into the Merger Agreement. These restrictions could discourage a potential third party from considering or proposing an acquisition of all or a significant part of Intellon, even if that party were prepared to pay consideration with a higher per share market price than the current proposed merger consideration. Furthermore, the termination fee

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may result in a potential competing acquirer proposing to pay a lower per share price to acquire Intellon than it might otherwise have proposed to pay. In the event the Merger is terminated by Atheros or Intellon, the trading price of Intellon's stock may decline.

*The price of Atheros common stock may be affected by factors different from those affecting the price of Intellon common stock.*

Holders of Intellon common stock may receive Atheros common stock in the Merger and may thus become holders of Atheros common stock. Atheros' business is different than Intellon's business, and accordingly, the results of operations as well as the price of Atheros common stock will be affected by factors different from those affecting Intellon's results of operations and the price of Intellon common stock. The price of Atheros common stock may fluctuate significantly following the Merger, including fluctuation due to factors over which Atheros has no control. For a discussion of Atheros' business and Intellon's business and certain factors to consider in connection with their respective businesses, including risk factors associated with their respective businesses, see Atheros' Annual Report on Form 10-K for the year ended December 31, 2008 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, and Intellon's Annual Report on Form 10-K for the year ended December 31, 2008 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which are incorporated by reference into this proxy statement/prospectus.

*Resales of shares of Atheros common stock following the transaction may cause the market price of shares of Atheros common stock to decline.*

As of September 30, 2009, Atheros had approximately [ ] million shares of common stock outstanding, and approximately [ ] million shares issuable upon the exercise of outstanding stock options and equity-based awards. The issuance in the Merger of new shares and additional shares that may become issuable from time to time upon the exercise of options could negatively affect the market price for shares of Atheros common stock. Also, stockholders of Intellon common stock who elect to receive Atheros common stock may decide to sell rather than hold the additional shares of Atheros common stock they would receive in the transaction. The sale of those shares also could negatively affect the market price for shares of Atheros common stock.

*Failure to complete the Merger could negatively impact the stock price and the future business and financial results of Intellon.*

Although Intellon has agreed that its board will, subject to fiduciary exceptions, recommend that stockholders approve the proposal relating to the Merger, there is no assurance that this proposal will be approved, or that Atheros and Intellon will receive the necessary regulatory approvals or satisfy the other conditions to the completion of the Merger. If the Merger is not completed for any reason, Intellon will be subject to risks, including the following:

Intellon may be required to pay Atheros a termination fee of \$8.5 million if the Merger Agreement is terminated under certain circumstances;

the current market price of Intellon common stock may reflect a market assumption that the Merger will occur, and a failure to complete the Merger could result in a negative perception by the market of Intellon generally and a resulting decline in the market price of Intellon common stock;

Intellon has incurred substantial transaction costs relating to the Merger (including significant legal, accounting and financial advisory fees), and these substantial costs are payable by Intellon whether or not the Merger is completed;

there may be substantial disruption to the business of Intellon and a distraction of its management and employees from day-to-day operations, because matters related to the Merger (including integration planning) may require substantial commitments of time and resources, which could otherwise have been devoted to other opportunities that could have been beneficial;

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the diversion of management time required by the Merger could also adversely affect Intellon's results of operation and lead to the loss of important customers; and

Intellon would continue to face the risks that it currently faces as an independent company, as further described in the documents that Intellon has filed with the SEC that are incorporated by reference into this proxy statement/prospectus.

If the Merger is not completed, these risks may materialize and materially adversely affect Intellon's business, financial results, financial condition and stock price. In addition, Intellon would not realize any of the expected benefits of having completed the Merger.

***The shares of Atheros common stock to be received by Intellon stockholders as a result of the Merger will have different rights from the shares of Intellon common stock.***

Following completion of the Merger, Intellon stockholders will no longer be stockholders of Intellon, but will instead be stockholders of Atheros. The rights associated with Intellon common stock are different in certain respects from the rights associated with Atheros common stock. See the section of this proxy statement/prospectus titled "Comparison of Stockholder Rights" beginning on page 99 of this proxy statement/prospectus for a discussion of the different rights associated with Atheros common stock.

***Stockholders of Intellon who elect to receive shares of Atheros common stock will represent a minority of the stockholders of Atheros after the Merger.***

In the Merger, Intellon stockholders will be entitled to elect to receive up to approximately 4.2 million shares of common stock of Atheros representing approximately 6.4% of the outstanding voting stock of Atheros based on the mixed election consideration. As a result, Intellon stockholders who receive shares of Atheros common stock will represent only a minority of stockholders of Atheros and, as a general matter, will have significantly less influence over the management and policies of Atheros than they currently exercise over the management and policies of Intellon.

***Uncertainties associated with the acquisition or the combined company may cause delays in customer orders or even loss of customers, which could offset any benefits Atheros may realize from the diversification of its customer base.***

In response to the announcement of the Merger, or due to the diversion of management's attention, current and potential customers, suppliers or distributors of Intellon and Atheros may delay or defer decisions concerning their purchase or use of some products and services. In particular, prospective customers could be reluctant to purchase the combined company's products due to uncertainty about the direction of the combined company's product offerings and its willingness to support and service existing products. Current and prospective customers may also be reluctant to incorporate the technology of Intellon and Atheros into future product designs, which would adversely affect the combined company's design wins and future revenues. Since Intellon receives a substantial portion of its revenue from a limited number of customers, it may be subject to a greater risk of customer uncertainty and loss of revenue as a result of the Merger, which could adversely affect the combined company's financial results.

To the extent that the acquisition creates uncertainty among those persons and organizations contemplating purchases such that one large customer, or a significant group of smaller customers, delays, defers or changes purchases in connection with the planned Merger, the results of operations of both companies, individually and on a combined basis, would be adversely affected. Further, customer assurances may be made by Atheros and Intellon to address their respective customers' uncertainty about the direction of the combined company's product and related support offerings, which may result in additional obligations of the combined company.

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*The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the completion of the Merger.*

The unaudited pro forma condensed combined financial statements, or the pro forma financial statements, contained in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the Merger for several reasons. The pro forma financial statements have been derived from the historical financial statements of Atheros and Intellon and adjustments and assumptions have been made regarding the combined company after giving effect to the transaction. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy. The assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the transaction. Any decline or potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company. See "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 86 of this proxy statement/prospectus.

*The Merger may have a material impact on Atheros' income tax liability and/or its effective tax rate.*

Atheros is subject to income taxes in both the United States and international jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. The tax impact of integrating Intellon into Atheros' tax structure has not yet been fully determined, and the combination may have a material adverse impact on the combined company's income tax liability and/or its effective tax rate.

*Because Atheros and Intellon sell products on a purchase order basis and rely on estimated forecasts of customers' needs, the results of operations following the acquisition will depend in part on the accuracy of the combined company's forecasts and its ability to accommodate changes in customer orders.*

Historically, neither Atheros nor Intellon has obtained firm, long-term purchase commitments from its customers. Even after purchase orders are received, customers may cancel or reschedule these orders or request a decrease in production quantities. Any rescheduling, cancellation or decrease could subject the combined company to a number of risks, most notably that projected sales will not materialize on schedule or at all, leading to unanticipated revenue shortfalls and excess or obsolete inventory which the combined company may be unable to sell to other customers. Both Atheros and Intellon in the past had customers dramatically increase their requested production quantities in excess of their previously stated forecasts and with little or no advance notice. If customer demands are not fulfilled in a timely manner in full, customers may cancel their orders.

Like Atheros, Intellon places orders with the manufacturers of its products according to its estimates of customer demand. Because of the lead time associated with fabrication of Intellon's semiconductors, forecasts of demand for its products must be made in advance of customer orders. This process will require Atheros to make multiple demand forecast assumptions with respect to both the customers and the end-users of the equipment and devices into which Intellon's products are incorporated. Atheros' demand forecast accuracy can be adversely affected by a number of factors outside of its control, including inaccurate forecasting and changes in orders placed by the customers of Intellon's products, changes in market conditions, adverse changes in product order mix and customer demand for Intellon products.

If Atheros underestimates customer demand or if sufficient manufacturing capacity were unavailable, it would forego revenue opportunities and could lose market share in the markets served by Intellon's products. In



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addition, Atheros' inability to meet customer requirements for Intellon products could lead to delays in product shipments, force customers to identify alternative sources and otherwise adversely affect its ongoing relationships with customers of Intellon products. If Atheros is unable to adequately respond to changes made to purchase orders and production demands of customers of Intellon products following the acquisition, existing Intellon and Atheros customer relationships may be adversely affected and Atheros may not achieve the revenue growth that it expects to result from the acquisition.

***Even if Atheros is successful in achieving customer design wins for Intellon products, it may not realize the revenue growth and other benefits it expects to achieve from the acquisition.***

The nature of the design process for Intellon products requires that significant expenses be incurred prior to recognizing revenues associated with those expenses, which may harm the financial results of the combined company. Even if a customer designs one of Intellon's products into its product offering, there can be no assurance that its product will be commercially successful, that Atheros will receive any revenues from that manufacturer or that a successor design will include an Intellon product. As a result, Atheros may be unable to accurately forecast the volume and timing of orders and revenues associated with any new product introductions, which could adversely affect its results of operations. If Atheros is unable to realize the revenue growth it expects to achieve from customer design wins for Intellon products, it may not achieve the operational results it anticipates following the acquisition and its business may be adversely impacted. In addition, the loss of key employees at Intellon could impair the ability of Atheros to achieve future design wins.

***Atheros may experience difficulties in transitioning to smaller geometry process technologies or in achieving higher levels of design integration for Intellon's semiconductor solutions, which may result in reduced manufacturing yields, delays in product deliveries, increased expenses and loss of design wins and sales.***

In order to remain competitive and reduce costs, Atheros believes that, over time, it may be necessary to migrate Intellon's products to smaller geometry process technologies and to integrate additional functionality into a single chip. Any transition or design integration would require it to redesign the applicable product and require the combined company and its foundry partners to use new or modified manufacturing processes for the product. Because of Atheros' lack of experience with Intellon's products and technology, it may not be as successful in migrating Intellon's products to smaller geometry process technologies or in achieving higher levels of design integration as it has been with its own products. Atheros will also depend on its relationships with foundry subcontractors to transition to smaller geometry processes and to achieve higher levels of design integration successfully. If Atheros experiences difficulties in transitioning to smaller geometry process technologies or in achieving higher levels of design integration for Intellon products, it may experience reduced manufacturing yields, delays in product deliveries, increased expenses and loss of design wins and sales, any of which could prevent it from realizing the anticipated benefits from the acquisition.

***Atheros expects to rely on third-party technologies for the development of Intellon's products, and its inability to use these technologies in the future could harm the combined company's ability to compete in Intellon's markets.***

Intellon relies on third parties for technologies that are used in the manufacturing of its products, such as wafer fabrication and assembly and test technologies used by its contract manufacturers. If Atheros is unable to continue to use or license these technologies on reasonable terms, or if these technologies fail to operate properly following the acquisition, it may not be able to secure alternatives in a timely manner, and its ability to remain competitive in the markets served by Intellon would be harmed. If Atheros is unable to license technology from third parties on commercially reasonable terms in order to continue to develop current products or to develop future products for the markets served by Intellon, Atheros may not be able to develop these products in a timely manner or at all.

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***The sales cycle for Intellon's products is long and requires expenditures and the development of new products in advance of sales that may or may not be realized when anticipated, if at all.***

Intellon's customers generally take a considerable amount of time to evaluate its ICs before purchasing. The typical time from early engagement by Intellon's sales force to actual product introduction runs 6 to 12 months for adapter products to as much as 12 to 30 months for embedded consumer electronics products and products used by service providers and electric utilities. The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel, curtail, reduce or delay its product plans, causing the combined company to lose or delay anticipated sales. Additionally, while Intellon's sales cycles can be long, its average product life cycles tend to be short because Intellon operates in a rapidly changing technology environment. As a result, the resources devoted to product sales and marketing may not generate material revenue when expected, if at all, and from time-to-time, it may need to write-off excess and obsolete inventory. In addition, Intellon typically is required to incur substantial development costs in advance of a prospective sale with no certainty that Intellon will recover such costs. A substantial amount of time may pass between the selection of its technology for use in a customer's product and the generation of revenue related to the expenses previously incurred, which can potentially cause operating results to fluctuate significantly from period to period. If Intellon does not generate revenue after it has incurred substantial expenses to develop any of its products, the combined business will suffer.

***The average selling prices of Atheros and Intellon's products have declined in the past and may continue to decline following the acquisition, which could reduce the combined company's revenue and gross margin.***

The average selling prices of the respective products of Atheros and Intellon have generally declined over the course of their commercial lives, principally due to the supply of competing products, reduction in demand from customers, pressure from customers to reduce prices and product cycle changes. These trends are expected to continue in the combined company. Declining average selling prices for Intellon products can adversely affect the combined company's future operating results and prevent the combined company from realizing the anticipated growth from the acquisition. For the combined company to achieve the operating results it expects following the acquisition, it will need to develop and introduce new products and product enhancements for the Intellon business on a timely basis, while controlling costs. If it is unable to offset any reductions in average selling prices by increasing sales volumes and achieving corresponding production cost reductions, or if it fails to develop and introduce new products and enhancements on a timely basis, its revenue and operating results will suffer.

***Atheros will continue to face strong competition within the semiconductor industry following the acquisition of Intellon, which could adversely affect the revenue growth and operating results of the combined company.***

The semiconductor industry is extremely competitive. Although the acquisition of Intellon may increase Atheros' customer base and resources, many of Atheros' and Intellon's current competitors will continue to have more diverse customer bases and greater financial and other resources than the combined company will have. Its competitors may better anticipate customer and industry demands and respond more quickly and efficiently to those demands, such as with product offerings, financial discounts or other incentives. Atheros cannot assure you that the combined company will be able to compete effectively against these competitors.

The acquisition of Intellon will expose Atheros to a new field of competitors with which Atheros may have limited familiarity. Because Atheros and Intellon provide semiconductor solutions for distinct, although complementary, market segments, the combined company will face significantly more competition than either company faced before the acquisition. Within Atheros' target markets, it currently competes primarily with Broadcom Corporation, Cambridge Silicon Radio, Intel Corporation, Entropic Communications, Inc., Marvell Technology Group Ltd., MediaTek, Inc., Ralink Technology Corporation and Realtek Semiconductor Corp. Within the powerline market, Intellon currently competes primarily with Arkados Group Inc., Design of Systems

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on Silicon, Gige Semiconductor, Maxim Integrated Products, Inc., Panasonic, and Spidcom Technologies S.A. Intellon also faces competition from a large number of companies that offer other wireline and wireless communications ICs based on various technologies, including Broadcom Corporation, CopperGate Communications Ltd., Entropic Communications, Inc., Marvell Technology Group Ltd., Realtek Semiconductor Corp., Texas Instruments Incorporated and others. Intellon expects competition to increase and intensify as more and larger IC manufacturers enter its markets, and as Atheros enters new markets and pursues additional applications for its products, it expects to face competition from an even larger number of competitors. If the combined company cannot compete successfully, its business, operating results and financial condition could be significantly harmed.

*The current global recession and the downturn in the semiconductor industry could adversely affect the operating results and stock price of the combined company in a material manner.*

The semiconductor industry in which Atheros and Intellon operate is highly cyclical and has, from time to time, experienced significant downturns, often connected with, or in anticipation of, maturing product cycles of both semiconductor companies and their customers' products and declines in general economic conditions. The industry is experiencing a significant downturn during the current global recession. These downturns are frequently characterized by decreases in product demand, excess customer inventories, and accelerated erosion of prices. These factors could cause substantial fluctuations in the revenue and results of operations of the combined company as evidenced by the 29% and 11% sequential decreases in Atheros' revenue during the fourth quarter of 2008 and the first quarter of 2009, respectively, and the 26% sequential decrease in Intellon's revenue during the first quarter of 2009. In addition, during these downturns some competitors may become more aggressive in their pricing practices, which would adversely impact the combined company's gross profits. Any downturns in the semiconductor industry may be severe and prolonged, and any failure of the industry or wired and wireless communications markets to fully recover from downturns could negatively impact the revenue, business, financial condition and results of operations of the combined company. The semiconductor industry also periodically experiences increased demand and production capacity constraints, which may affect the combined company's ability to ship sufficient products to meet its customers' purchase requests. Accordingly, the combined company's operating results may vary significantly as a result of the general conditions in the semiconductor industry, which could cause large fluctuations in the combined company's stock price.

The general worldwide economic condition has significantly deteriorated due to credit conditions resulting from the recent financial crisis affecting the banking system and financial markets, slower economic activity, concerns about inflation and deflation, volatility in energy costs, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns in the wired and wireless communications markets, the ongoing effects of the war in Iraq and elsewhere, recent international conflicts and terrorist and military activity, and the impact of natural disasters and public health emergencies. These conditions could make it extremely difficult for the combined company, its customers and its vendors to accurately forecast and plan future business activities, and it could cause U.S. and foreign businesses to slow spending on the combined company's products and services, which would delay and lengthen sales cycles. Furthermore, during challenging economic times, the combined company's customers may face issues gaining timely access to sufficient credit, which could impair their ability to make timely payments. If that were to occur, the combined company may be required to increase its allowance for doubtful accounts and its accounts receivable days sales outstanding would be negatively impacted. The current economic downturn and any future downturn may reduce the combined company's revenue or its percentage of revenue growth on a quarter-to-quarter basis and result in the combined company having excess inventory. Atheros and Intellon cannot predict the timing, strength or duration of any economic slowdown or subsequent economic recovery, either worldwide, or in the semiconductor industry or the wired and wireless communications markets. If the economy or the markets in which Atheros and Intellon operate do not improve from their current condition or if they continue to deteriorate, the customers or potential customers of the combined company could reduce or delay their purchases, which would adversely impact the combined company's revenues and its ability to manage inventory levels, collect customer receivables and, ultimately, the combined company's profitability. In addition, the

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combined company may record additional charges related to the restructuring of its business and the impairment of its goodwill and other long-lived assets, and its business, financial condition and results of operations will likely be materially and adversely affected. Additionally, the combination of Atheros' lengthy sales cycle coupled with challenging macroeconomic conditions could have a negative impact on the results of its operations. While general economic conditions have recently begun to improve, there is no assurance that this trend will continue or at what rate.

***The combined company's gross margins may fluctuate in future periods, which could have a significant impact on the combined company's financial results.***

The gross margins on Intellon and Atheros products historically have varied significantly, and the combined company's gross margins may continue to vary from quarter to quarter as a result of changes in product and customer revenue mix and the combined company's ability to reduce costs as the average selling prices of its products decline. The gross margins on the combined company's products may also fluctuate as a result of changes in general market conditions and overall customer demand for its products. To the extent that the combined company experiences fluctuating or declining gross margins on Intellon or Atheros products in any particular period following the acquisition, its business, results of operations and financial condition could suffer.

***The development of new industry standards by various global and regional industry alliances and standards development organizations may cause Intellon's products to become uncompetitive or obsolete and force the combined company to incur substantial development costs and time to bring new products to market.***

Although most of the transceiver ICs Intellon sells are based upon the HomePlug 1.0 and HomePlug AV specifications adopted by the HomePlug Powerline Alliance, the HomePlug Powerline Alliance could adopt changes to these specifications or adopt new or additional specifications that would require the combined company to make changes to its ICs or to create new ICs in order to comply with the new specifications. In addition, other industry associations formed to promote powerline communications, such as the Universal Powerline Association, or UPA, the HD-PLC Alliance and the Consumer Electronics Powerline Communication Alliance, or CEPCA, have already established their own specifications for powerline communications or the coexistence among powerline communications products, and these specifications conflict with the specifications adopted by the HomePlug Powerline Alliance. Other groups that have more international recognition as independent standards development organizations, or SDOs, such as the Institute of Electrical and Electronics Engineers Communications Society, or IEEE, and the International Telecommunication Union, or ITU, as well as regional SDOs with strong local support, are working on the adoption of powerline and anywire wireline communications standards that may be different from and incompatible with the specifications adopted by the HomePlug Powerline Alliance and used by Intellon's products. For example, Intellon does not believe that its HomePlug AV ICs would interoperate or coexist with the physical layer components for the currently proposed G.hn standard being developed by the ITU. Atheros is unable to predict whether or when a G.hn standard will be ratified by the ITU or, if it is, the degree to which the final specification, or subsequent changes to the specification, may require the combined company to make changes to Intellon's existing ICs or in progress IC designs in order to have those ICs or IC designs qualify as G.hn compliant. The adoption or expected adoption of new or different powerline or anywire communications standards, including by the HomePlug Powerline Alliance, more established global SDOs such as the IEEE or the ITU, or regional SDOs with strong local support, could make the combined company's products incompatible with the new standard or otherwise uncompetitive or obsolete and cause the combined company to incur substantial development costs to adapt to new or alternative industry standards, particularly if the new or alternative standards were to receive, or be perceived as likely to receive, greater penetration in the marketplace than the HomePlug-based specifications used by Intellon for its ICs. Moreover, the adoption or expected adoption of such standards, or the support of such standards by industry alliances such as the HomeGrid Forum, could have a negative effect on the sale of existing products even before products based on the new standard become available. The time and expense required for the combined company to develop new products or change its existing products to comply with new industry standards would be substantial, and there is no assurance that the combined company would be successful in doing so. If the combined company were not successful in complying with the industry standards required by its customers, the combined company could lose market share, causing its business to suffer.

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***The reliance of Atheros and Intellon on a limited number of overlapping third-party subcontractors for the manufacture, assembly, packaging and testing of their products makes the combined company susceptible to significant operational risks.***

Like Atheros, Intellon does not manufacture, assemble, package or test its products, and must rely on third-party subcontractors to perform these services. Because of its reliance on a limited number of third-party subcontractors for these services, Intellon faces many of the same risks as Atheros does in this regard, and Atheros expects these risks to continue to be present in the combined company. These risks include, among others:

if these subcontractors do not provide high-quality products, services and production and test capacity for Intellon products in a timely manner, or if one or more of these subcontractors terminates its relationship with Atheros, the combined company may be unable to obtain satisfactory replacements to fulfill customer orders for Intellon products on a timely basis, its relationships with customers of Intellon products could suffer, and its growth following the acquisition could be limited;

Atheros does not expect to have long-term supply contracts with any third-party subcontractors for Intellon's products and it cannot be assured that adequate capacity will be available, or will be available on commercially acceptable terms, to meet future demand for Intellon products;

Atheros would face significant challenges associated with moving its semiconductor production from the existing manufacturers of Intellon's products to another manufacturer with whom it does not have a pre-existing relationship, and it may not be able to make any such arrangement in a timely fashion or at all;

third-party contractors for Atheros' and Intellon's products are concentrated primarily in Asia, an area subject to earthquakes and other disruptions which could cause significant delays in the production or shipment of its products; and

Atheros, Intellon and their wafer foundries have experienced, and are likely to continue to experience manufacturing defects and reduced manufacturing yields related to errors or problems in their wafer foundries' manufacturing processes or the interrelationship of their processes with Atheros' or Intellon's designs, which may affect the quality or reliability of the combined company's products. Any of these problems, to the extent that they prevent Atheros from satisfying customer orders for Intellon products or create delays, may adversely impact Atheros' relationships with customers for Intellon's products and limit its revenue growth following the acquisition.

***Failure to protect Intellon's intellectual property rights adequately could impair Atheros' ability to compete effectively or to defend itself from litigation, which could harm its business, financial condition and results of operations.***

Like Atheros, Intellon relies primarily on patent, copyright, trademark and trade secret laws, as well as confidentiality and nondisclosure agreements and other methods, to protect its proprietary technologies and know-how. Even if Intellon's granted patents are enforced, and even if Intellon's pending patent applications are granted or enforced, the rights granted may not be supported by a court of law or provide it with any commercial advantage. For example, these patents could be opposed, contested, circumvented or designed around by Intellon's competitors or be declared invalid or unenforceable in judicial or administrative proceedings. The failure of Intellon's patents to adequately protect its technology might make it easier for its competitors to offer similar products or technologies. Intellon's foreign patent protection is generally not as comprehensive as Intellon's United States patent protection and may not protect its intellectual property in some countries where its products are sold or may be sold in the future. Many United States-based companies have encountered substantial intellectual property infringement in foreign countries, including countries where Intellon sells products. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. As a result, Intellon's intellectual property rights and patent portfolio may have less value than anticipated by Atheros.

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**Risk Factors Relating to Atheros and Intellon**

Atheros and Intellon are, and will continue to be, subject to the risks described in (i) Part I, Item 1A in Atheros' annual report on Form 10-K for the year ended December 31, 2008, (ii) Part I, Item 1A in Intellon's annual report on Form 10-K for the year ended December 31, 2008, (iii) Part II, Item 1A of Atheros' quarterly report on Form 10-Q for the quarter ended June 30, 2009, and (iv) Part II, Item 1A of Intellon's quarterly report on Form 10-Q for the quarter ended June 30, 2009, in each case as filed with the SEC and incorporated by reference into this proxy statement/prospectus. See "Additional Information for Stockholders - Where You Can Find More Information" on page 115 of this proxy statement/prospectus for more information about the documents incorporated by reference into this proxy statement/prospectus.

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### **THE MERGER**

#### **General**

The Intellon board of directors is using this document to solicit proxies from the holders of Intellon common stock for use at the Intellon special meeting, where holders of Intellon common stock will be asked to vote upon approval and adoption of the Merger Agreement and approval of the Merger. In addition, Atheros is sending this document to Intellon stockholders as a prospectus in connection with the issuance of shares of Atheros common stock in exchange for Intellon common stock in the Merger.

#### **The Companies**

*Atheros.* Atheros Communications, Inc. was incorporated in Delaware in 1998 as T-Span Systems Corporation. In May 2000, the company changed its name to Atheros Communications, Inc.

Atheros Communications, Inc. is a global leader in innovative technologies for wireless and wired communications products that are used by a broad base of customers, including manufacturers of personal computers networking equipment and consumer electronics devices. Atheros combines its wireless and wired systems and software expertise with its high-performance radio frequency, or RF, mixed signal and digital semiconductor design skills to provide highly integrated chipsets that are manufactured on low-cost, standard complementary metal-oxide semiconductor processes. Its product portfolio includes solutions for Wireless Local Area Network, or WLAN, Mobile WLAN, Ethernet, Bluetooth, and Global Positioning System, or GPS.

*Merger Sub 1 and Merger Sub 2.* Iceman Acquisition One Corporation, a Delaware corporation and a wholly-owned subsidiary of Atheros, which we refer to as Merger Sub 1, and Iceman Acquisition Two LLC, a Delaware limited liability company and a wholly-owned subsidiary of Atheros, which we refer to as Merger Sub 2, were incorporated and formed respectively in Delaware on September 3, 2009 solely for the purpose of effecting the Merger with Intellon. Neither Merger Sub 1 nor Merger Sub 2 has carried on any activities other than in connection with the Merger Agreement. Each of Merger Sub 1's and Merger Sub 2's principal place of business is at 5480 Great America Parkway, Santa Clara, California 95054 and their telephone number is (408) 773-5200.

*Intellon.* Intellon is a leading fabless semiconductor company that designs and sells ICs for high-speed communications over existing electrical wiring. Intellon's ICs enable home connectivity, which is the sharing and moving of content among personal computers and other consumer electronics products in the home. Intellon also sells its ICs for use in powerline communications applications in electric utility and other commercial markets. In the utility market, Intellon's ICs enable various smart grid applications, which help utilities monitor and manage in-home electricity consumption during peak periods. In the commercial market, Intellon's ICs enable the distribution of broadband services over existing electrical wiring and coaxial cable to individual units within apartment buildings and other multiple dwelling units.

#### **Background of the Merger**

From time to time prior to the date of the Merger Agreement, the Intellon board of directors and members of the Intellon management team considered various strategic opportunities intended to further the development of Intellon's business, including informally engaging in preliminary discussions and executing non-disclosure agreements with other companies regarding potential business transactions or combinations, as well as various other strategic alternatives.

The management and board of directors of Atheros also periodically review and analyze potential strategic opportunities available to Atheros to enhance stockholder value and facilitate the continued growth of its business and development of its products and services.

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On December 18, 2008, Charles Harris, the chief executive officer and chairman of the board of Intellon, and Brian McGee, senior vice president and chief financial officer of Intellon, met with Jack Lazar, chief financial officer, vice president of corporate development and secretary of Atheros, Colin Born, senior director of business development of Atheros, and Reynette Au, vice president of marketing and alliances of Atheros, at Atheros' offices in Santa Clara, California to discuss Atheros' future strategic plans.

At an Intellon board of directors meeting held on February 5, 2009, representatives of an investment bank presented a report to the Intellon board of directors regarding strategic alternatives available to Intellon. The Intellon board of directors discussed strategic transaction opportunities and risks and formed an ad hoc strategy committee, or the Intellon strategy committee, consisting of Walter D. Amaral, Richard Goldstein and Gary Rubinoff, to evaluate strategic alternatives available to Intellon and associated risks, subject to the authority of Intellon's full board of directors to approve a definitive agreement with respect to any strategic transaction.

At an Intellon strategy committee meeting held on February 26, 2009, the Intellon strategy committee discussed Intellon's strategic alternatives and risks.

At an Intellon board of directors meeting held on March 31, 2009, Mr. Goldstein, chairman of the Intellon strategy committee, summarized the recent discussions of the Intellon strategy committee.

At an Intellon strategy committee meeting held on April 15, 2009, the Intellon strategy committee continued discussion of Intellon's strategic alternatives.

On May 6, 2009, Mr. Lazar telephoned Mr. Harris to discuss the status of Intellon's business. During the call, Mr. Lazar indicated that Atheros had an interest in having a limited due diligence meeting with Intellon to determine whether Atheros might have an interest in exploring a business or strategic relationship. Mr. Harris agreed to hold an initial meeting for that purpose.

On May 20, 2009, Atheros and Intellon executed a non-disclosure agreement with respect to the sharing of information for purposes of evaluating a possible business or strategic relationship between the two companies.

On May 22, 2009, Mr. Lazar and William McFarland, Atheros' chief technology officer, met with Mr. Harris, Rick Furtney, president and chief operating officer of Intellon, William Earnshaw, senior vice president of engineering of Intellon, and Larry Yonge, vice president of research and development of Intellon, at Intellon's offices in Orlando, Florida for a technology and business presentation. Mr. Born attended via teleconference.

On May 29, 2009, Messrs. Lazar and Born met via teleconference with Messrs. Harris, Furtney, McGee and Earnshaw to discuss additional due diligence regarding a possible business or strategic relationship between the two companies.

On June 9, 2009, Dr. Craig Barratt, president and chief executive officer of Atheros, and Mr. Lazar spoke with Messrs. Harris and McGee via teleconference and expressed interest in a potential business combination transaction with Intellon. On this conference call, they made a proposal to acquire Intellon in a combined stock and cash transaction, at a per share price representing a premium to Intellon's then current common stock price.

On June 10, 2009, Messrs. Lazar and McGee spoke via teleconference to discuss Atheros' business.

On June 12, 2009, at a meeting of the Intellon strategy committee, at which the members of the Intellon strategy committee as well as Mr. Scott B. Ungerer and Mr. James E. Vander Mey, directors of Intellon, were present, Mr. Harris reported to the Intellon strategy committee regarding the expression of interest from Atheros, and Mr. Harris updated the Intellon strategy committee regarding the status of Intellon's discussions with another company in connection with a possible strategic relationship. Deutsche Bank discussed, among other things, the



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merger and acquisition environment, Intellon's strategic positioning and valuation, a list of potential strategic partners and considerations related to a potential transaction with Atheros.

On June 15, 2009, Messrs. Lazar and Born spoke with Messrs. Harris and McGee via teleconference regarding the Atheros proposal, and indicated that Atheros expected Intellon to provide a counter-proposal if the initial proposal from Atheros was not satisfactory.

On June 18, 2009, Mr. Harris spoke with Dr. Barratt via teleconference during which time the parties discussed the anticipated timing of Intellon's evaluation of Atheros' expression of interest and the potential business combination transaction.

At a meeting of the Intellon board of directors held on June 19, 2009, Proskauer Rose LLP, or Proskauer, counsel to Intellon, made a presentation to the Intellon board of directors regarding the board's fiduciary duties and the appropriate process for evaluating potential strategic transactions. The Intellon board of directors, after considering alternative financial advisors, authorized Intellon management to engage Deutsche Bank to act as Intellon's financial advisor to advise Intellon in its review of available strategic alternatives.

On June 20, 2009, Dr. Barratt and Mr. Harris agreed that their respective financial advisors, Credit Suisse Securities (USA) LLC, or Credit Suisse, and Deutsche Bank should engage in discussions regarding a potential transaction.

On June 23, 2009, representatives of Credit Suisse and Deutsche Bank met to discuss valuation and the merits of a potential combination.

On June 25, 2009, representatives of Credit Suisse and Deutsche Bank held a telephonic meeting to continue their discussion of a potential transaction.

At a regularly scheduled Intellon board of directors meeting held on June 25, 2009, Messrs. Harris and McGee and representatives of Deutsche Bank and Proskauer discussed with the Intellon board of directors considerations related to timing and value of a possible strategic transaction. The Intellon board of directors then discussed the opportunities and risks of engaging in a possible transaction, including ways to maximize the value achieved by Intellon in conjunction with any of the strategic alternatives discussed.

At an Intellon board of directors meeting held on June 30, 2009, the Intellon board of directors discussed the risks, benefits, value and timing of various strategic alternatives and discussed potential strategic partners. Representatives of Deutsche Bank presented Deutsche Bank's preliminary valuation analysis of Intellon on a stand-alone basis and as a combined entity in the event Intellon pursued a strategic transaction. At this meeting, the Intellon board of directors determined that, although the Intellon board of directors had previously authorized the execution of an engagement letter with Deutsche Bank, Intellon management should defer such execution and defer negotiations regarding a potential business combination pending receipt by the Intellon board of directors of additional information from management regarding Intellon's key strategic challenges and opportunities and further analysis regarding Intellon's valuation both on a stand-alone basis and in connection with a potential strategic transaction. The Intellon board of directors further determined that it should explore engagement of independent counsel to represent the Intellon board of directors.

On July 1, 2009, Messrs. Lazar and McGee further discussed a potential transaction and later that day, Dr. Barratt and Mr. Harris discussed a potential transaction. Dr. Barratt and Mr. Harris agreed that, if acceptable to the Intellon board of directors, Dr. Barratt would present Atheros acquisition proposal at the next meeting of the Intellon board of directors, which was scheduled to occur on July 23, 2009.

At meetings of the Intellon strategy committee held on July 7 and July 16, 2009, and at an Intellon board of directors meeting held on July 17, 2009, Messrs. Harris, McGee and Furtney summarized Intellon's strategic

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challenges and opportunities and presented analyses of Intellon's valuation as a stand-alone entity. In addition, representatives of Deutsche Bank presented summaries of the illustrative value to Intellon stockholders on a stand-alone basis and as a combined entity in the event Intellon consummated a strategic transaction. At the board meeting held on July 17, 2009, the Intellon board of directors also approved the engagement of Dechert LLP, or Dechert, as legal counsel to the Intellon board of directors in connection with the evaluation of a potential strategic transaction.

At a regularly scheduled board meeting held on July 20, 2009, the Atheros board of directors discussed the potential transaction and the discussions between the two companies.

At a regularly scheduled Intellon board of directors meeting held on July 23, 2009, the Intellon board of directors discussed the acquisition proposal received from Atheros. Mr. Harris updated the Intellon board of directors regarding the status of Intellon's discussions with another company in connection with a potential strategic transaction. Dr. Barratt joined the meeting and presented an overview of Atheros as well as his assessment of the potential benefits of a strategic transaction between Atheros and Intellon. At the meeting, the Intellon board of directors approved that management defer negotiations with Atheros until Intellon's second quarter earnings release; and, if, following the earnings release, Atheros and Intellon remained engaged in ongoing discussions, that management execute an engagement letter with Deutsche Bank and Deutsche Bank commence contacting other potential strategic partners.

At an Intellon board of directors meeting held on July 31, 2009 subsequent to Intellon's earnings release, representatives of Deutsche Bank summarized Deutsche Bank's analysis of considerations related to a potential strategic transaction with Atheros. The Intellon board of directors authorized management to continue negotiations with Atheros in accordance with financial and other parameters specified by the Intellon board of directors.

On July 31, 2009, Messrs. Lazar and McGee spoke via teleconference to discuss the potential transaction.

On August 1, 2009, Mr. Harris provided a counter-proposal to Dr. Barratt for Atheros to acquire Intellon in a cash and stock transaction representing a premium to the then-current Intellon stock price.

On August 1, 2009, Mr. Lazar communicated to Mr. McGee via email that Atheros would not be willing to meet Intellon's expectations regarding either the valuation or mix of stock and cash consideration.

On August 3, 2009, representatives of Credit Suisse and Deutsche Bank discussed the transaction via teleconference and determined (based on guidance from their respective clients) that the valuation and consideration differences remained too large to facilitate a potential transaction.

On August 4, 2009, Dr. Barratt, in a telephone conversation, made a revised proposal to Mr. Harris for Atheros to acquire Intellon at an increased price to Atheros' original proposal representing a premium to the then current Intellon stock price but a discount from the counter-proposal made by Mr. Harris on August 1, 2009. Representatives of Credit Suisse reiterated this counter-proposal to representatives of Deutsche Bank in a subsequent telephone conversation on the same date.

On August 5, 2009, Mr. Harris, in a telephone conversation, proposed to Dr. Barratt that they meet in person to discuss, and to determine, subject to receipt of approvals from the boards of directors of both companies, whether there was a way forward toward a potential transaction.

On August 5, 2009, with guidance from Intellon management, Deutsche Bank provided to Messrs. Harris and McGee to review with the Intellon board of directors a list of potential strategic partners, including companies previously discussed with the Intellon board of directors in addition to Atheros, who may be interested in pursuing a potential strategic transaction or business combination with Intellon and who were most likely to have an interest in acquiring Intellon based on having similar or complementary businesses to Intellon and Atheros, as well as those who had expressed an interest in discussing a strategic partnership with Intellon in the past.

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On August 6, 2009, Dr. Barratt and Mr. Lazar had a telephonic meeting with certain members of the Atheros board of directors to discuss the status of the negotiations.

On August 6, 2009, Dr. Barratt and Messrs. Lazar, Harris and McGee met at Atheros' offices in Santa Clara, California, to discuss preliminary transaction terms. At this meeting, Dr. Barratt initially offered a revised cash and stock proposal for the acquisition of Intellon.

At an Intellon board of directors meeting held on August 6, 2009, Mr. Harris updated the Intellon board of directors regarding management's meetings and negotiations with Atheros in connection with a potential strategic transaction. The Intellon board of directors authorized management to continue negotiations with Atheros, approved the list of other potential strategic partners and instructed Deutsche Bank to begin contacting those other potential strategic partners.

At the direction of the Intellon board of directors, representatives of Deutsche Bank contacted eight potential acquirers, in addition to Atheros, to discuss their interest in pursuing a potential strategic transaction or business combination with Intellon.

On August 7, 2009, Mr. Furtney briefed the chief executive officer of another company on the potential sale of Intellon. However, Mr. Furtney was notified that such company was not interested in pursuing a transaction at such time.

On August 7, 2009, Dr. Barratt and Mr. Harris met near Atheros' offices in Santa Clara, California, and Dr. Barratt made a revised proposal to Mr. Harris for Atheros to acquire Intellon at a price of \$7.30 per share with the consideration mix including up to 55% stock. Mr. Harris agreed to present this offer to the Intellon board of directors.

At an Intellon board of directors meeting held on August 9, 2009, Mr. Harris updated the Intellon board of directors on the status of discussions with Atheros regarding a potential strategic transaction. Deutsche Bank then provided an update to the Intellon board of directors regarding the status of contacts with potential acquirers.

On August 10, 2009, Messrs. Lazar, McGee and Goldstein spoke via teleconference to discuss the potential transaction.

At an Intellon board of directors meeting held on August 10, 2009, Deutsche Bank again updated the Intellon board of directors regarding the status of the interest expressed from each of the companies Deutsche Bank had contacted regarding a possible transaction with Intellon. Deutsche Bank explained that, while three companies had not formally passed on a possible transaction with Intellon, only one of such companies, or Company A, likely remained as a viable potential rival bidder to Atheros. Deutsche Bank then gave a presentation to the Intellon board of directors in which it discussed, among other things, the results to date of the market check being conducted by Deutsche Bank regarding the potential sale of Intellon.

At this meeting, pursuant to a unanimous authorization of the Intellon board of directors, Mr. Harris and management were authorized to pursue further communications and negotiations with Atheros to attempt to reach an agreement on a transaction that would include a combination of Atheros' common stock and cash.

On August 10, 2009, Dr. Barratt and Mr. Harris, in a telephone conversation, reached a non-binding agreement in principle to move forward with a transaction at \$7.30 per share with the consideration mix including up to 55% stock, subject to satisfactory completion of additional mutual due diligence, negotiation of a definitive agreement and receipt of approvals from the boards of directors of both companies. During the call, Dr. Barratt advised Mr. Harris that Atheros would expect Intellon to enter into an exclusivity agreement with Atheros for a limited period during the pendency of the due diligence and agreement negotiations.

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On August 11, 2009, Dr. Barratt and Mr. Lazar had a telephonic meeting with certain members of the Atheros board of directors to update them on the negotiations and of Intellon's acceptance, subject to the conditions described above, of Atheros' offer of \$7.30 per share with a consideration mix including up to 55% in stock.

On August 11, 2009, Intellon entered into an engagement agreement with Deutsche Bank.

At a board meeting held on August 16, 2009, representatives of Deutsche Bank further updated the Intellon board of directors regarding the status of its contacts with potential acquirers and discussed possible reasons why indications of interest had not yet been provided by certain parties. The Deutsche Bank representatives explained that two of the three companies that remained potential acquirers as of the date of the last board meeting had decided not to proceed with an offer to purchase Intellon. Deutsche Bank also expressed its belief that the third entity, Company A, would not make an offer either. At the board meeting, Mr. Harris provided the Intellon board of directors an update regarding the status of the discussions and negotiations with Atheros.

On August 16, 2009, in light of Atheros' requirement that there be exclusivity before it completed its due diligence and finalized negotiations, the Intellon board of directors unanimously approved and adopted an exclusivity agreement with Atheros, provided that Company A did not express interest in pursuing a transaction.

On August 17, 2009, Deutsche Bank informed Intellon that Company A was not interested in pursuing a transaction with Intellon.

On August 17, 2009, Atheros and Intellon signed an exclusivity agreement with an exclusivity period that would terminate on September 13, 2009.

Between August 18 and August 20, 2009, senior representatives of Atheros and Intellon conducted mutual due diligence meetings at Intellon's offices in Orlando and Ocala, Florida.

On August 22, 2009, Atheros' legal advisors, Pillsbury Winthrop Shaw Pittman LLP, or Pillsbury, distributed initial drafts of the Merger Agreement and related transaction documents to Intellon and Dechert.

On August 25, 2009, the Atheros board of directors discussed the status of the proposed transaction. Atheros management updated the Atheros board of directors on the currently proposed terms and the status of discussions with Intellon. The Atheros board of directors also discussed the strategic rationale for the potential transaction and its potential financial and operational impact on the combined business. Following this discussion, the Atheros board of directors directed management to continue discussions with Intellon.

On August 26 and August 27, 2009, senior representatives of Atheros and Intellon conducted mutual due diligence meetings at Atheros' offices in Santa Clara, California. Representatives of Deutsche Bank and Credit Suisse were also present.

On August 29, 2009, Intellon, Proskauer and Dechert provided initial comments on the draft Merger Agreement.

Between August 29, 2009 and September 8, 2009, Atheros, Intellon and their respective legal and financial advisors held multiple teleconferences to perform additional respective due diligence reviews.

On September 1, 2009, Atheros, Intellon and their respective legal and financial advisors held a teleconference to discuss and negotiate terms of the prospective transaction.

On September 1, 2009, Pillsbury provided an initial draft of the support agreement and a revised draft of the Merger Agreement to Intellon and its legal advisors. A copy of the support agreement is attached as Annex A-1

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to this proxy statement/prospectus. Pillsbury indicated that Atheros expected all directors and executive officers and certain stockholders of Intellon to execute the support agreement, pursuant to which such persons were expected to agree to vote in favor of the adoption and approval of the Merger Agreement and the Merger. Discussions regarding the terms of the support agreement continued between the various parties until the agreement was finalized.

On September 3 and September 4, 2009, members of the Atheros and Intellon management teams and their respective legal and financial advisors held various teleconferences to continue negotiating the terms of the Merger Agreement.

At a special meeting of the Intellon board of directors held on September 4, 2009, Intellon management, Dechert and Deutsche Bank provided updates on Intellon's discussions with Atheros. Representatives of Dechert made a presentation to the Intellon board of directors regarding the board's fiduciary duties under Delaware law in the context of a possible business combination and provided a summary of the open issues in the Merger Agreement and support agreement. Deutsche Bank made a presentation to the Intellon board of directors regarding an overview of the financial analysis of the merger consideration to be paid in the proposed transaction with Atheros.

On September 5, 2009, Pillsbury provided a revised draft of the Merger Agreement to Intellon and Dechert.

On September 5, 2009, the Atheros board of directors held a telephonic meeting to discuss the Intellon transaction and management presented the details of the proposed transaction. Representatives of Credit Suisse and Pillsbury participated in the discussion and Pillsbury gave a presentation to the board of directors regarding the Atheros board of director's fiduciary duties under Delaware law in connection with the Intellon transaction. Credit Suisse made a presentation to the Atheros board of directors regarding an overview of the financial considerations of the proposed transaction with Intellon. The Atheros board of directors delegated authority for final approval of the transaction to its strategic transactions committee that was created for that purpose.

Following the Atheros board of directors meeting, Atheros, Intellon and their respective legal and financial advisors held a teleconference to continue negotiating the open issues related to the Merger Agreement.

On September 6, 2009, Atheros, Intellon and their respective legal advisors and financial advisors held a teleconference to negotiate the terms of the Merger Agreement.

On September 7, 2009, the strategic transaction committee of the Atheros board of directors met telephonically with members of the Atheros management team to discuss the proposed Intellon transaction. Atheros' financial and legal advisors participated in the discussion. The strategic transactions committee authorized Atheros management to execute the Merger Agreement.

At a special meeting of the Intellon board of directors held on September 7, 2009, the Intellon board of directors discussed the proposed transaction. Dechert again reviewed with the Intellon board of directors its fiduciary duties, and then Dechert and Deutsche Bank described to the board the key terms of the Merger Agreement and the proposed support agreement, and addressed various other issues and related matters. Following such presentations, the Intellon board of directors determined to accept Atheros' offer. During the meeting, representatives of Deutsche Bank rendered its oral opinion, subsequently confirmed in writing on September 8, 2009, to the Intellon board of directors that, as of such date, and based on and subject to the matters stated in its opinion, the merger consideration to be received by Intellon's stockholders (other than Atheros and its affiliates) pursuant to the Merger Agreement was fair, from a financial point of view, to such stockholders. The full text of the written opinion of Deutsche Bank, dated September 8, 2009, is attached as Annex B to this proxy statement/prospectus.

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After discussion, the Intellon board of directors unanimously approved the proposed transaction with Atheros at the September 7, 2009 special meeting.

On September 7 and September 8, 2009, Atheros, Intellon and their respective legal advisors and financial advisors held various teleconferences to negotiate and finalize the Merger Agreement. Pillsbury provided a revised draft of the Merger Agreement to Intellon and Dechert.

On September 8, 2009, Atheros and Intellon each executed and delivered the final Merger Agreement. Concurrently, Intellon, Atheros and each of the directors and executive officers of Intellon, as well as certain stockholders of Intellon, entered into support agreements. On September 8, 2009, prior to the opening of trading on the NASDAQ Stock Market, the parties issued a joint press release announcing the execution of the Merger Agreement.

### **Intellon's Reasons for the Merger; Recommendation of Intellon's Board of Directors**

The Intellon board of directors carefully evaluated the Merger Agreement and the transactions contemplated thereby. The Intellon board of directors determined that the Merger Agreement and the transactions contemplated thereby, including the proposed Merger, are advisable and fair to, and in the best interests of Intellon and its stockholders. At a meeting held on September 7, 2009, the Intellon board of directors resolved to approve the Merger Agreement and the transactions contemplated thereby, including the proposed Merger, and to recommend to the stockholders of Intellon that they vote for the approval and adoption of the Merger Agreement and approval of the Merger.

In reaching its decision to approve the Merger Agreement and resolving to recommend that holders of shares of Intellon common stock approve and adopt the Merger Agreement and approve the Merger, the Intellon board of directors consulted with senior management, its legal counsel and its financial advisor and considered a number of material factors, including the following:

The implied value of the merger consideration as of September 7, 2009 of \$7.30 for each share of Intellon common stock represented a 46% premium over the closing price of \$5.00 on September 4, 2009, the last trading day before Atheros and Intellon announced the signing of the Merger Agreement and the transactions contemplated thereby, and also represented a 50% and 69% premium to Intellon's average closing price for the 30-trading day and 60-trading day periods, respectively, prior to September 4, 2009.

Other strategic alternatives reasonably available to Intellon, including the benefits and risks of continuing to operate on a stand-alone basis or seeking to grow through acquisitions, and the benefits and risks associated with such alternatives as compared to the Merger. In assessing the potential value of remaining independent, the Intellon board of directors considered and discussed, among other things, the financial condition, results of operations, management expertise, competitive position, business and prospects of Intellon as well as current economic, industry and market conditions. In considering the risks of remaining independent, the Intellon board of directors considered and discussed the limited number of potential strategic acquirers for Intellon and the risk of competing against such companies if they acquired competitors of Intellon, including the greater financial resources of such potential acquirers compared to Intellon, their ability to fund research and development, and their ability to achieve comparative cost and pricing advantages.

The opinion of Deutsche Bank to the Intellon board of directors delivered orally to the Intellon board of directors on September 7, 2009, and confirmed in writing as of September 8, 2009, to the effect that, as of its date and based upon and subject to the factors and assumptions set forth in the written opinion, from a financial point of view, the merger consideration to be offered to and received by Intellon stockholders pursuant to the Merger Agreement was fair to such stockholders. The full text of Deutsche Bank's opinion which sets forth the assumptions made, procedures followed, matters considered and

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limitations on the review undertaken in connection with its opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated by reference herein. **Holders of shares of Intellon common stock are encouraged to read the Deutsche Bank opinion in its entirety.**

The experience, reputation and financial condition and prospects of Atheros and the benefits to the combined company that could result from the Merger and the fact that, since a portion of the merger consideration will be paid in Atheros common stock, Intellon stockholders would have the opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of Atheros common stock following the Merger should they determine to retain the Atheros common stock payable in the Merger.

The fact that a large portion of the merger consideration will be paid in cash, giving Intellon stockholders an opportunity to immediately realize value for a significant portion of their investment and providing certainty of value.

The ability of the Intellon board of directors to respond to an unsolicited superior proposal, as defined in the Merger Agreement, in the exercise of its fiduciary duties.

The arm s-length negotiations resulting in the Merger Agreement.

The lack of any financing contingency in the Merger Agreement, as well as the certainty of Atheros ability to pay the cash consideration without the need for financing.

The execution of the support agreements, through which each of the members of the Intellon board of directors and certain of its executive officers, as well as certain stockholders of Intellon, agreed to vote in favor of the adoption and approval of the Merger Agreement and the Merger.

The fact that the receipt of shares of Atheros common stock by the holders of the shares of Intellon common stock will not be taxable.

The fact that the Merger Agreement is not subject to approval by Atheros stockholders.

The ability of Intellon to specifically enforce the terms of the Merger Agreement.

The belief of the Intellon board of directors, in consultation with its legal and financial advisors, that it was unlikely that any strategic purchaser would make a higher offer for Intellon. The Intellon board of directors noted that, in the event that any third party were to seek to make such a proposal, Intellon retained the ability to consider unsolicited proposals after the execution of the Merger Agreement and to enter into an agreement with respect to an acquisition proposal under certain circumstances subject to paying a termination fee to Atheros.

The likelihood and anticipated time of completion of the Merger.

The availability of appraisal rights to Intellon stockholders.

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In the course of its deliberations, the Intellon board of directors also considered a variety of potential material risks and other countervailing factors, including:

Subject to certain exceptions, the Merger Agreement precludes Intellon from actively soliciting alternative proposals.

The restrictions imposed by the Merger Agreement on the ability of Intellon to operate its business until the consummation of the Merger, which may delay or prevent pursuit of business opportunities that may arise or otherwise preclude advisable actions.

Intellon is obligated to pay Atheros a termination fee of \$8.5 million if the Merger Agreement is terminated under certain circumstances, which, in addition to being costly, could potentially discourage other potential acquirers from making an alternative acquisition proposal.

Intellon's operations and staffing may be disrupted as preparations are made for the consummation of the Merger.



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The fact that some of Intellon's directors and executive officers may have interests in the Merger that are different from, or in addition to, those of holders of the shares of Intellon common stock generally, including as a result of employment and compensation arrangements with Intellon and the manner in which they would be affected by the Merger.

The risks and costs to Intellon if the Merger is not consummated, including employee attrition and potential adverse financial consequences to Intellon.

The fact that Intellon will cease to exist as an independent, publicly traded company.

The risk that the potential benefits and synergies sought in the Merger will not be realized or will not be realized within the expected time period, and the risks associated with the integration by Atheros of Intellon.

The fact that because the stock portion of the merger consideration is a fixed exchange ratio of shares of Atheros common stock to Intellon common stock, Intellon stockholders could be adversely affected by a decrease in the trading price of Atheros common stock during the pendency of the Merger, and the fact that the Merger Agreement does not provide Intellon with a price-based termination right or other similar protection. The Intellon board of directors determined that this structure was appropriate and the risk acceptable in view of factors such as:

The review of the Intellon board of directors of the relative intrinsic values and financial performance of Atheros and Intellon; and

The fact that a substantial portion of the merger consideration will be paid in a fixed cash amount which reduces the impact of a decline in the trading price of Atheros common stock on the value of the merger consideration.

The fact that because only a limited portion of the merger consideration will be in the form of Atheros common stock, Intellon's stockholders will have a smaller ongoing equity participation in the combined company (and, as a result, a smaller opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of Atheros common stock following the Merger) than they have in Intellon. The Board considered, however, that Intellon stockholders would be able to reinvest the net after-tax cash received as consideration in the Merger in Atheros common stock.

The fact that any gains arising from the receipt of the cash portion of the merger consideration would be taxable to Intellon's stockholders for United States federal income tax purposes.

The risk of not obtaining regulatory clearance under the HSR Act.

The possibility that, when shares of Atheros common stock issued in the acquisition become eligible for resale, the sale of those shares in the public market could cause Atheros' stock price to decline.

The risks described in the section entitled "Risk Factors" beginning on page 22 of this proxy statement/prospectus.

Following careful consideration of the various factors described above, the proposed terms of the Merger Agreement and related transaction documents, the various presentations of its legal and financial advisors, as well as the resolutions to be adopted by the Intellon board of directors in connection with the transaction, the Intellon board of directors then unanimously approved the Merger Agreement and ancillary documents. No particular consideration was dispositive, and the Intellon board of directors did not deem it practical, and did not attempt to quantify, rank or

assign relative weights to the factors considered in reaching its decision. Rather, the Intellon board of directors based its recommendation on the totality of information available to it, its independent investigations and discussions with its legal counsel and financial advisor.

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### **Atheros Reasons for the Merger**

In reaching its decision to approve the Merger Agreement, the Atheros board of directors consulted with members of its management team, legal counsel and third party financial advisors and considered the financial performance and condition, business operations and prospects of Intellon and the combined company, the terms and conditions of the Merger Agreement and the results of the due diligence investigation conducted by Atheros. The Atheros board of directors believes that the combination with Intellon presents significant opportunities to grow its business and expand its markets while taking advantage of a number of sales, marketing and other operational synergies. Several factors contributed to the Atheros board of directors' approval of the Merger, including:

#### ***Market Expansion***

The belief that the Merger will enable Atheros to enhance its leadership in the networking, computing and mobile markets and respond to increasing consumer demand for reliable, cost-effective and easy-to-implement home connectivity across a range of devices. In addition, Intellon's core competency in home networking over powerline communications will provide opportunities for growth in new applications and markets such as Ethernet-over Coax and smart grid solutions. Atheros believes that the acquisition will position it to address the connectivity needs across these markets with an expanded portfolio of diversified communications semiconductor products.

#### ***Expand Product Portfolio***

Intellon's technology portfolio will enable the combined company to offer a broader portfolio of products to its customers and strategic partners. Atheros believes that, with the acquisition, it can provide customers with enhanced, integrated home networking platforms, consisting of wireless LAN, powerline communications and Ethernet technologies, to enhance the performance, flexibility and ease of use of home connectivity networks.

#### ***Expand Intellectual Property and Patent Portfolio***

The acquisition of Intellon will expand Atheros' intellectual property portfolio and will add approximately 34 issued U.S. patents in the area of powerline communications.

#### ***Operating Leverage***

Atheros believes that the acquisition will enable it to leverage its core engineering, integration, design and volume production efficiencies to reduce costs. In addition, Atheros believes the combined company can leverage complementary and overlapping sales channels, including carrier and retail networking channels, to grow into new market segments, such as networked digital media devices. The significant overlap in the companies' respective current and target customer bases also provides opportunities to achieve channel, reference design and integration synergies.

#### ***Financial Considerations***

Atheros believes the transaction will be a profitable addition to its product portfolio and that the transaction value is viewed as compelling from a revenue and margin contribution perspective.

#### ***Potentially Negative Factors***

There can be no assurance that the benefits of the potential synergies or opportunities considered by Atheros' board of directors will be achieved through completion of the Merger. Realizing any anticipated benefits is subject to a number of risks as discussed in the section entitled "Risk Factors" beginning on page 22

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of this proxy statement/prospectus. The Atheros board of directors also considered a number of potentially negative factors in assessing the advisability of the acquisition, including the following:

the fact that the calculation of the merger consideration as specified in the Merger Agreement was not subject to adjustment in the event the value of the business or assets of Intellon declines before the Merger is completed;

the risk that the acquisition would not occur if the conditions to the Closing are not met, and the possible impact on the market price of its common stock as well as its business, financial condition and results of operations;

the risk that the integration of Intellon will cause Atheros effective tax rate to increase;

the risk of not obtaining regulatory clearance under the HSR Act;

the possibility that, when shares of its common stock issued in the acquisition become eligible for resale, the sale of those shares in the public market could cause its stock price to decline;

the possibility that it may not be able to integrate Intellon as quickly or cost-effectively as expected, or at all;

the possibility that management's attention will be diverted during the integration of the two companies;

the challenges involved in attracting and retaining key personnel, particularly in light of uncertainty regarding the acquisition;

the difficulties in keeping existing customers and obtaining new customers that sometimes arise in light of uncertainty regarding an acquisition;

the possibility that Atheros will be unsuccessful in the powerline market in which Atheros has no previous experience and that Atheros may not be able to grow the market for powerline solutions;

the challenges involved in combining product offerings and sales and marketing activities;

the possibility that Atheros may be unsuccessful in addressing the new opportunities it expects to arise out of the combination; and

the risk that Atheros may experience difficulties in integrating the information systems of the two companies.

## **Accounting Treatment**

The combination of the two companies will be accounted for as an acquisition of Intellon by Atheros using the acquisition method of accounting.

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The final acquisition consideration will consist of cash and Atheros common stock and common stock equivalents valued as of the date of the Closing. The final acquisition consideration will be allocated to Intellon's identifiable assets and liabilities based on their respective estimated fair values at the Closing, and any excess of the acquisition consideration over those fair values will be accounted for as goodwill. The valuation of Intellon's assets and liabilities and the finalization of plans for restructuring after the Closing have not yet been completed. The preliminary estimated acquisition consideration and the allocation of the preliminary estimated acquisition consideration reflected in this proxy statement/prospectus may be revised as additional information becomes available.

### **Material Federal Income Tax Consequences of the Merger**

The following discussion summarizes the material U.S. federal income tax consequences of the Merger that are generally applicable to U.S. holders (as defined below) of Intellon common stock that hold their Intellon

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common stock as a capital asset within the meaning of Section 1221 of the Code. This discussion is based on the Code, judicial decisions, and administrative regulations and interpretations in effect as of the date of this proxy statement/prospectus, all of which are subject to change, possibly with retroactive effect. Accordingly, the tax consequences of the Merger to the holders of Intellon common stock could differ from those described below. For purposes of this discussion, the term "U.S. holder" means (1) a citizen or resident of the United States, (2) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes organized under the laws of the United States or any of its political subdivisions, (3) a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person, or (4) an estate the income of which is subject to U.S. federal income tax regardless of its source.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to holders of Intellon common stock in light of their particular circumstances, nor does it address the U.S. federal income tax consequences to holders who are subject to special rules under U.S. federal income tax law, including dealers in securities or foreign currencies, tax-exempt organizations, foreign persons, financial institutions or insurance companies, holders who have a "functional currency" other than the U.S. dollar, holders who own their shares indirectly through partnerships, trusts or other entities that may be subject to special treatment, holders who acquired their Intellon common stock in connection with stock options or stock purchase plans or other compensatory transactions and holders who hold their shares as a hedge or as part of a straddle, constructive sale, conversion transaction or other risk management transaction. In addition, this discussion does not describe the federal income tax consequences of transactions other than those pursuant to the Merger or the tax consequences of the Merger under foreign, state or local law or federal estate and gift tax laws.

Unless such condition is waived by Intellon, the obligation of Intellon to consummate the Merger is conditioned on the receipt by Intellon of a written opinion, referred to in this proxy statement/prospectus as the "Tax Opinion," from Dechert LLP, counsel to Intellon, to the effect that, on the basis of statements and representations made by Intellon and by Atheros, Merger Sub 1 and Merger Sub 2, and subject to the limitations, qualifications and assumptions set forth therein, for U.S. federal income tax purposes, the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code; *provided, however*, that if counsel to Intellon does not render the Tax Opinion, the condition shall be deemed satisfied if the Tax Opinion is rendered by counsel to Atheros. The Tax Opinion will not be binding on the Internal Revenue Service and will not preclude the Internal Revenue Service from taking a contrary position. Neither Intellon nor Atheros has requested, nor will request, a ruling from the Internal Revenue Service regarding any of the federal income tax consequences of the Merger.

Subject to the limitations and qualifications set forth in this discussion and assuming the Merger qualifies as a reorganization under Section 368(a) of the Code, the material federal income tax consequences to Intellon stockholders of the exchange of Intellon common stock for Atheros common stock, cash or both pursuant to the Merger are as follows:

*Intellon Stockholders Who Receive Solely Atheros Common Stock.* A holder of Intellon common stock will not recognize gain or loss upon receipt of Atheros common stock solely in exchange for Intellon common stock, except with respect to cash received in lieu of fractional shares of Atheros common stock (as discussed below). The aggregate tax basis of the shares of Atheros common stock received (including any fractional shares deemed received and exchanged for cash) will be equal to the aggregate tax basis in the shares of Intellon common stock surrendered. The holding period of the Atheros common stock received (including any fractional shares deemed received and exchanged for cash) will include the holding period of the shares of Intellon common stock surrendered.

*Intellon Stockholders Who Receive Solely Cash.* The exchange of Intellon common stock solely for cash generally will result in recognition of gain or loss by the holder in an amount equal to the difference between the amount of cash received and the holder's tax basis in the Intellon common stock surrendered.

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The gain or loss recognized will be long-term capital gain or loss if, as of the effective date of the Merger, the holder's holding period for the Intellon common stock surrendered exceeds one year. The deductibility of capital losses is subject to limitations. In some cases, if a holder actually or constructively owns Atheros common stock after the Merger, the cash received could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Code, in which case such holder may have dividend income up to the amount of the cash received. Holders who may actually or constructively own Atheros common stock after the Merger should consult their tax advisers regarding the possible applicability of Section 302 of the Code and related provisions, and holders that are corporations should consult their tax advisers regarding the potential applicability of the extraordinary dividend provisions in Section 1059 of the Code.

*Intellon Stockholders Who Receive a Combination of Atheros Common Stock and Cash.* If the holder's adjusted tax basis in the Intellon common stock surrendered is less than the sum of the fair market value, as of the Closing, of the Atheros common stock and the amount of cash received by the holder, then the holder will recognize gain in an amount equal to the lesser of (1) the sum of the amount of cash and the fair market value of the Atheros common stock received, minus the adjusted tax basis of the Intellon common stock surrendered in exchange therefor, and (2) the amount of cash received by the holder in the Merger. However, if a holder's adjusted tax basis in the Intellon common stock surrendered is greater than the sum of the amount of cash and the fair market value of the Atheros common stock received, the holder's loss will not be currently allowed or recognized for U.S. federal income tax purposes. If a holder of Intellon common stock acquired different blocks of Intellon common stock at different times or different prices, the holder should consult the holder's tax advisor regarding the manner in which gain or loss should be determined. Any recognized gain generally will be long-term capital gain if, as of the effective date of the Merger, the holder's holding period with respect to the Intellon common stock surrendered exceeds one year. In some cases, if the holder actually or constructively owns Atheros common stock other than Atheros common stock received in the Merger, the recognized gain could be treated as having the effect of the distribution of a dividend under the tests set forth in Section 302 of the Code, in which case such gain would be treated as dividend income. In such cases, holders that are corporations should consult their tax advisers regarding the potential applicability of the extraordinary dividend provisions in Section 1059 of the Code. The aggregate tax basis of the Atheros common stock received (including any fractional shares deemed received and exchanged for cash) by a holder that exchanges its shares of Intellon common stock for a combination of Atheros common stock and cash will be equal to the aggregate adjusted tax basis of the shares of Intellon common stock surrendered, reduced by the amount of cash received by the holder (excluding any cash received in lieu of fractional shares of Atheros common stock) and increased by the amount of gain, if any, recognized by the holder (excluding any gain recognized with respect to cash received in lieu of fractional shares of Atheros common stock) on the exchange. The holding period of the Atheros common stock received (including any fractional shares deemed received and exchanged for cash) will include the holding period of the Intellon common stock surrendered. Holders receiving a combination of Atheros common stock and cash should consult their tax advisers regarding the manner in which cash and Atheros common stock should be allocated among the holder's shares of Intellon common stock and the manner in which the above rules would apply in the holder's particular circumstances.

*Cash in Lieu of Fractional Shares.* A holder of Intellon common stock who receives cash in lieu of a fractional share of Atheros common stock generally will be treated as having received such fractional share in the Merger and then as having received cash in exchange for such fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in lieu of the fractional share and the tax basis allocated to such fractional share of Atheros common stock. Such gain or loss generally will be long-term capital gain or loss if, as of the effective date of the Merger, the holding period for such shares is greater than one year.

These material federal income tax consequences have been described on the basis of certain assumptions, including assumptions regarding the absence of changes in existing facts and that the Merger will be completed in accordance with the Merger Agreement. They also have been based on statements and representations,

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including those contained in the Merger Agreement, the registration statement of which this proxy statement/prospectus forms a part, and officers' certificates of Intellon and Atheros, all of which must be true, correct and complete as of the effective date of the registration statement and must continue to be true, correct and complete at all relevant times thereafter, including as of the effective time of the Merger. If any of those statements, representations or assumptions is untrue, incorrect, or incomplete, the conclusions contained in the Tax Opinion could be adversely affected, and the tax consequences described above, which description assumes the Merger qualifies as a reorganization under Section 368(a) of the Code, may not apply.

A significant holder of Intellon common stock must file a statement with its U.S. federal income tax return setting forth certain information pertaining to the Merger. For these purposes, a significant holder includes a holder of at least 5% (by vote or value) of the total outstanding shares of Intellon common stock. In addition, all Intellon stockholders must retain permanent records of certain information pertaining to the Merger.

A holder of Intellon common stock may be subject, under certain circumstances, to information reporting and backup withholding at a rate of 28% with respect to any cash received in the Merger, unless such holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be refunded or credited against such holder's U.S. federal income tax liability, if any, provided that the required information is furnished to the Internal Revenue Service in a timely manner.

**Holders of Intellon common stock are urged to consult their own tax advisors as to the specific tax consequences to them of the Merger in light of their particular circumstances, including the applicability and effect of any federal estate and gift, state, local or foreign tax laws and of changes in applicable tax laws.**

## **Regulatory Matters**

*U.S. Antitrust.* Under the HSR Act and the related rules, the Merger may not be completed until notifications have been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, furnishing them with certain information, and specified waiting period requirements have been satisfied.

## **Appraisal Rights**

Under Delaware law, holders of shares of Intellon common stock who do not wish to accept the merger consideration may elect to have the fair value of their shares of Intellon common stock judicially determined and paid in cash, together with a fair rate of interest, if any. The valuation will exclude any element of value arising from the accomplishment or expectation of the Merger. A stockholder may only exercise these appraisal rights by complying with the provisions of Section 262 of the Delaware General Corporation Law.

The following summary of the provisions of Section 262 of the Delaware General Corporation Law is not a complete statement of the law pertaining to appraisal rights under the Delaware General Corporation Law, and is qualified in its entirety by reference to the full text of Section 262 of the Delaware General Corporation Law, a copy of which is attached to this proxy statement/prospectus as Annex C. If you wish to exercise appraisal rights or wish to preserve your right to do so, you should carefully review Section 262 and are urged to consult a legal advisor.

All references in Section 262 and in this summary to a stockholder are to the record holder of shares of Intellon common stock as to which appraisal rights are asserted. A person having a beneficial interest in shares of Intellon common stock held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow properly the steps summarized below and in a timely manner to perfect appraisal rights.



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Under Section 262, where a proposed Merger is to be submitted for approval at a meeting of stockholders, as in the case of Intellon's special meeting, Intellon, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that these appraisal rights are available and include in the notice a copy of Section 262. This proxy statement/prospectus constitutes notice to the Intellon stockholders and the applicable statutory provisions of the Delaware General Corporation Law are attached as Annex C to this proxy statement/prospectus.

If you wish to exercise the right to demand appraisal under Section 262 of the Delaware General Corporation Law, you must satisfy each of the following conditions:

You must deliver to Intellon a written demand for appraisal of your shares of Intellon common stock before the vote on the Merger Agreement at Intellon's special meeting. This demand will be sufficient if it reasonably informs Intellon of your identity and that you intend by that writing to demand the appraisal of your shares. Voting against, abstaining from voting on or failing to vote on the proposal to approve and adopt the Merger Agreement and approve the Merger will not constitute a written demand for appraisal within the meaning of Section 262. The written demand for appraisal must be in addition to and separate from any proxy you deliver or vote you cast in person.

You must not vote your shares of Intellon common stock in favor of the Merger Agreement and the Merger. A proxy that does not contain voting instructions will, unless revoked, be voted in favor of the approval and adoption of the Merger Agreement and approval of the Merger. Therefore, if you vote by proxy and wish to exercise appraisal rights, you must vote against the approval and adoption of the Merger Agreement and the approval of the Merger or mark your proxy card to indicate that you abstain from voting on the approval and adoption of the Merger Agreement and approval of the Merger.

You must continuously hold your shares of Intellon common stock from the date of making the demand through the completion of the Merger. If you are the record holder of shares of Intellon common stock on the date the written demand for appraisal is made but you thereafter transfer those shares prior to the completion of the Merger, you will lose any right to appraisal in respect of those shares.

Only a holder of record of shares of Intellon common stock is entitled to demand an exercise of appraisal rights for those shares registered in that holder's name. Therefore, demand for appraisal should be executed by or on behalf of the stockholder of record, fully and correctly, as its name appears on the share transfer records of Intellon.

If the shares of Intellon common stock are owned of record by a person in a fiduciary capacity, such as a trustee, guardian or custodian, the demand should be executed in that capacity. If the shares are owned of record by more than one person as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all of the owners. An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a stockholder; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, the agent is acting as agent for such owner or owners. A record holder, such as a broker, who holds shares as nominee for several beneficial owners may exercise appraisal rights with respect to the shares held for one or more beneficial owners while not exercising these rights with respect to the shares held for one or more other beneficial owners. In that case, the written demand should set forth the number of shares as to which appraisal is sought, and where no number of shares is expressly mentioned the demand will be presumed to cover all shares held in the name of the record owner.

Stockholders who hold their shares of Intellon common stock in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine appropriate procedures for making a demand for appraisal.

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A stockholder who elects to exercise appraisal rights under Section 262 should mail or deliver a written demand to:

Intellon Corporation

Corporate Secretary

5955 T. G. Lee Boulevard, Suite 600

Orlando, Florida 32822

Any stockholder who wishes to assert appraisal rights should not submit an election form, as doing so will be considered a withdrawal of any previously filed written demand for appraisal.

Within 10 days after the completion of the Merger, Atheros must send a notice as to the completion of the Merger to each of Intellon's former stockholders who has made a written demand for appraisal in accordance with Section 262 and who has not voted to approve and adopt the Merger Agreement and approve the Merger. Within 120 days after the completion of the Merger, but not after that date, either Atheros or any stockholder who has complied with the requirements of Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the value of common stock held by all stockholders demanding appraisal of their shares. Atheros is under no obligation to, and has no present intent to, file a petition for appraisal, and stockholders seeking to exercise appraisal rights should not assume that Atheros will file a petition or that it will initiate any negotiations with respect to the fair value of the shares. Accordingly, stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262. Since Atheros has no obligation to file a petition, the failure of affected stockholders to do so within the period specified could nullify any previous written demand for appraisal.

Within 120 days after the completion of the Merger, any stockholder that complies with the provisions of Section 262 to that point in time will be entitled to receive from Atheros, upon written request, a statement setting forth the aggregate number of shares of Intellon common stock not voted in favor of the adoption of the Merger Agreement and approval of the Merger and with respect to which Intellon received demands for appraisal and the aggregate number of holders of those shares. Atheros must mail this statement to the stockholder by the later of 10 days after receipt of the request and 10 days after expiration of the period for delivery of demands for appraisals under Section 262. As used in this paragraph and throughout the remainder of this section, references to Atheros mean the corporation that survives the Merger.

A stockholder who timely files a petition for appraisal with the Delaware Court of Chancery must serve a copy upon Atheros. Atheros must, within 20 days, file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded appraisal of their shares of Intellon common stock and who have not reached agreements with it as to the value of their shares. After notice to stockholders as may be ordered by the Delaware Court of Chancery, the Delaware Court of Chancery is empowered to conduct a hearing on the petition to determine which stockholders are entitled to appraisal rights. The Delaware Court of Chancery may require stockholders who have demanded an appraisal for their shares of Intellon common stock and who hold shares represented by certificates to submit their certificates to the Register in Chancery for notation on the certificates of the pendency of the appraisal proceedings, and if any stockholder fails to comply with the requirement, the Delaware Court of Chancery may dismiss the proceedings as to that stockholder.

After determining which stockholders are entitled to an appraisal, the Delaware Court of Chancery will appraise the fair value of their shares of Intellon common stock. This value will exclude any element of value arising from the accomplishment or expectation of the Merger, but will include a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. The costs of the action may be determined by the Delaware Court of Chancery and taxed upon the parties as the Delaware Court of Chancery deems equitable. However, costs do not include attorneys' or expert witness fees. Upon application of a stockholder, the Delaware Court of Chancery may also order that all or a portion of the expenses incurred by any stockholder in connection with the

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appraisal proceeding be charged pro rata against the value of all of the shares entitled to appraisal. These expenses may include, without limitation, reasonable attorneys' fees and the fees and expenses of experts. Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined under Section 262 could be more than, the same as, or less than the value of the merger consideration they would be entitled to receive pursuant to the Merger Agreement if they did not seek appraisal of their shares. Stockholders should also be aware that investment banking opinions as to fairness from a financial point of view are not opinions as to fair value under Section 262.

In determining fair value and, if applicable, a fair rate of interest, the Delaware Court of Chancery is to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, the Delaware Supreme Court discussed the factors that could be considered in determining fair value in an appraisal proceeding, stating that "proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court" should be considered, and that "fair price obviously requires consideration of all relevant factors involving the value of a company."

Section 262 provides that fair value is to be "exclusive of any element of value arising from the accomplishment or expectation of the Merger." In *Cede & Co. v. Technicolor, Inc.*, the Delaware Supreme Court stated that such exclusion is a "narrow exclusion [that] does not encompass known elements of value, but which rather applies only to the speculative elements of value arising from such accomplishment or expectation." In *Weinberger*, the Delaware Supreme Court construed Section 262 to mean that "elements of future value, including the nature of the enterprise, which are known or susceptible of proof as of the date of the Merger and not the product of speculation, may be considered." Any stockholder who has duly demanded an appraisal in compliance with Section 262 will not, after the completion of the Merger, be entitled to vote the shares of Intellon common stock subject to that demand for any purpose or be entitled to the payment of dividends or other distributions on those shares. However, stockholders will be entitled to dividends or other distributions payable to holders of record of shares of Intellon common stock as of a record date prior to the completion of the Merger.

Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the effective date of the Merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the Merger and the date of payment of the judgment.

Any stockholder may withdraw its demand for appraisal and accept the merger consideration by delivering to Atheros a written withdrawal of the stockholder's demand for appraisal. Any attempt to withdraw made more than 60 days after the effective date of the Merger will require the written approval of Atheros and no appraisal proceeding before the Delaware Court of Chancery as to any stockholder will be dismissed without the approval of the Delaware Court of Chancery, and this approval may be conditioned upon any terms the Delaware Court of Chancery deems just. If Atheros does not approve a stockholder's request to withdraw a demand for appraisal when the approval is required or if the Delaware Court of Chancery does not approve the dismissal of an appraisal proceeding, the stockholder would be entitled to receive only the appraised value determined in any such appraisal proceeding. This value could be higher or lower than, or the same as, the value of the merger consideration.

Failure to follow the steps required by Section 262 of the Delaware General Corporation Law for perfecting appraisal rights may result in the loss of appraisal rights, in which event you will be entitled to receive the consideration with respect to your dissenting shares in accordance with the Merger Agreement. In view of the complexity of the provisions of Section 262 of the Delaware General Corporation Law, if you are considering exercising your appraisal rights under the Delaware General Corporation Law, you are urged to consult your own legal advisor.

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**Federal Securities Laws Consequences; Stock Transfer Restriction Agreements**

This proxy statement/prospectus does not cover any resales of the Atheros common stock to be received by the stockholders of Intellon upon completion of the Merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any such resale.

All shares of Atheros common stock received by Intellon stockholders in the Merger will be freely transferable, except that shares of Atheros common stock received by persons who are deemed to be affiliates of Intellon under the Securities Act of 1933, as amended, at the time of the Intellon meeting may be resold by them only in transactions permitted by Rule 145 under the Securities Act or as otherwise permitted under the Securities Act. Persons who may be deemed to be affiliates of Intellon for such purposes generally include individuals or entities that control, are controlled by or are under common control with Intellon and include directors and executive officers of Intellon. The Merger Agreement requires Intellon to use its reasonable best efforts to cause its affiliates to execute a written agreement to the effect that they will not sell, assign, transfer or otherwise dispose of any of the shares of Atheros common stock issued to them in the Merger in violation of the Securities Act or the related SEC rules.

**Opinion of Intellon's Financial Advisor**

Deutsche Bank has acted as financial advisor to Intellon in connection with the Merger. At a September 7, 2009 meeting of the Intellon board of directors, Deutsche Bank delivered its oral opinion, subsequently confirmed in a written opinion, dated as of September 8, 2009, or the Deutsche Bank Opinion, to the Intellon board of directors to the effect that, as of the date of such opinion, based upon and subject to the assumptions made, matters considered and limits of the review undertaken by Deutsche Bank, the merger consideration was fair, from a financial point of view, to the holders of the outstanding shares of Intellon common stock, excluding Atheros and its affiliates.

**The full text of the Deutsche Bank Opinion, which sets forth, among other things, the assumptions made, matters considered and limits on the review undertaken by Deutsche Bank in connection with the Deutsche Bank Opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. Intellon stockholders are urged to read the Deutsche Bank Opinion in its entirety. The summary of the Deutsche Bank Opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the Deutsche Bank Opinion.**

In connection with Deutsche Bank's role as financial advisor to Intellon, and in arriving at its opinion, Deutsche Bank has reviewed certain publicly available financial information and other information concerning Intellon and Atheros, certain internal analyses, financial forecasts and other information relating to Intellon prepared by the management of Intellon. Deutsche Bank has also held discussions with certain senior officers of Intellon and Atheros regarding the businesses and prospects of their respective companies. In addition, Deutsche Bank has (i) reviewed the reported prices and trading activity for the common stock of both Intellon and Atheros, (ii) to the extent publicly available, compared certain financial and stock market information for Intellon with similar information for certain other companies it considered relevant whose securities are publicly traded, (iii) to the extent publicly available, reviewed the financial terms of certain recent business combinations which it deemed relevant, (iv) reviewed a draft dated September 8, 2009 of the Merger Agreement and certain related documents, including the draft dated September 5, 2009 of the form of the Support Agreement to be entered into between Atheros and each of the directors and executive officers of Intellon, as well as certain stockholders of Intellon, or the Support Agreement, and (v) performed such other studies and analyses and considered such other factors as it deemed appropriate.

In preparing the Deutsche Bank Opinion, Deutsche Bank did not assume responsibility for the independent verification of, and did not independently verify, any information, whether publicly available or furnished to it, concerning Intellon or Atheros, including, without limitation, any financial information considered in connection with the rendering of the Deutsche Bank Opinion. Accordingly, for purposes of the Deutsche Bank Opinion,

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Deutsche Bank has, with the permission of the Intellon board of directors, assumed and relied upon the accuracy and completeness of all such information. Deutsche Bank did not conduct a physical inspection of any of the properties or assets, and did not prepare or obtain any independent evaluation or appraisal of any of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of Intellon or Atheros or any of their respective subsidiaries, nor has it evaluated the solvency or fair value of Intellon or Atheros under any state or federal law relating to bankruptcy, insolvency or similar matters. With respect to the financial forecasts made available to Deutsche Bank and used in its analysis, Deutsche Bank has assumed, with the permission of the Intellon board of directors, that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Intellon and Atheros as to the matters covered thereby. In rendering the Deutsche Bank Opinion, Deutsche Bank has expressed no view as to the reasonableness of such forecasts and projections or the assumptions on which they are based. The Deutsche Bank Opinion was necessarily based upon economic, market and other conditions as in effect on, and the information made available to Deutsche Bank as of, the date of such opinion.

For purposes of rendering the Deutsche Bank Opinion, Deutsche Bank has assumed, with the permission of the Intellon board of directors that, in all respects material to its analysis, the Merger will be consummated in accordance with its terms, without any material waiver, modification or amendment of any term, condition or agreement. Deutsche Bank has also assumed that all material governmental, regulatory or other approvals and consents required in connection with the consummation of the Merger will be obtained and that in connection with obtaining any necessary governmental, regulatory or other approvals and consents, no material restrictions, terms or conditions will be imposed. Deutsche Bank is not a legal, regulatory, contractual, tax or accounting expert and has relied on the assessments made by Intellon and its advisors with respect to such issues. Representatives of Intellon have informed Deutsche Bank and Deutsche Bank has assumed, that the final terms of the Merger Agreement and the Support Agreement will not differ materially from the terms set forth in the drafts that Deutsche Bank has reviewed.

The Deutsche Bank Opinion has been approved and authorized for issuance by a fairness opinion review committee, is addressed to, and for the use and benefit of, the Intellon board of directors and is not a recommendation to the Intellon board of directors or the stockholders of Intellon to approve or take any action with respect to the Merger. The Deutsche Bank Opinion is also not a recommendation to any holder of Intellon common stock as to which merger consideration election such holder of Intellon common stock should elect to receive. Moreover, depending on the value or trading price of Atheros common stock after the date of the Deutsche Bank Opinion, a choice by a holder of Intellon common stock to receive a particular merger consideration election may be worth more or less than a choice by such holder of Intellon common stock to receive a different merger consideration election. Deutsche Bank has not been asked to, and the Deutsche Bank Opinion does not, address the fairness of the Merger, or any consideration received in connection therewith, to the holders of any other class of securities, creditors or other constituencies of Intellon, nor does it address the fairness of the contemplated benefits of the Merger. Deutsche Bank has expressed no opinion as to the merits of the underlying decision by Intellon to engage in the Merger or as to how any holder of shares of Intellon common stock should vote or act with respect to the Merger. In addition, Deutsche Bank has not expressed any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable to or to be received by any of Intellon's officers, directors, or employees, or any class of such persons, in connection with the Merger relative to the merger consideration to be received by the holders of Intellon common stock. The Deutsche Bank Opinion does not in any manner address the prices at which Intellon common stock or Atheros common stock or other securities would trade following the announcement or consummation of the Merger.

Set forth below is a brief summary of certain financial analyses performed by Deutsche Bank in connection with the Deutsche Bank Opinion and reviewed with the Intellon board of directors at its meeting held on September 7, 2009. The order of the analyses described below does not represent relative importance or weight given to those analyses by Deutsche Bank. The financial analyses summarized below include information presented in tabular format. In order to fully understand Deutsche Bank's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the

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financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Deutsche Bank's financial analyses.

Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on September 4, 2009 and is not necessarily indicative of current market conditions. Except as otherwise noted herein, all references to years are to be interpreted as references to calendar years.

*Historical Stock Performance and Exchange Ratio Analyses.* Deutsche Bank has reviewed and analyzed the merger consideration to be received by the holders of Intellon common stock pursuant to the Merger Agreement, assuming such consideration has an all-cash value of \$7.30. Deutsche Bank has analyzed the merger consideration in relation to the closing stock price of Intellon common stock as of September 4, 2009, the 30-trading day average stock price, the 60-trading day average stock price, the low and high closing stock prices of Intellon common stock during the one-year period prior to September 4, 2009, or the One Year Trading Period, and the low and high closing stock prices of Intellon common stock since Intellon's initial public offering. This analysis indicated that the merger consideration to be paid to the holders of Intellon common stock pursuant to the Merger Agreement represented:

a premium of 46% based on the closing price of \$5.00 per share on September 4, 2009;

a premium of 50% based on the average closing price of \$4.87 per share for the 30-trading day period prior to September 4, 2009;

a premium of 53% based on the average closing price of \$4.77 per share for the 60-trading day period prior to September 4, 2009;

a premium of 410% based on the low closing price of \$1.43 per share for the One Year Trading Period;

a premium of 28% based on the high closing price of \$5.72 per share for the One Year Trading Period;

a premium of 410% based on the low closing price of \$1.43 per share for the period since Intellon's initial public offering; and

a discount of 3% based on the high closing price of \$7.54 per share for the period since Intellon's initial public offering.

Deutsche Bank has further reviewed the merger consideration to be received by the holders of Intellon common stock pursuant to the Merger Agreement in relation to the historical ratios of the daily per share closing prices of Intellon common stock as divided by the corresponding prices of Atheros common stock, referred to herein as exchange ratio, as of September 4, 2009, the 30-trading day average exchange ratio, the 60-trading day average exchange ratio, the low and high exchange ratios during the One Year Trading Period and the low and high exchange ratios since Intellon's initial public offering. For purposes of this analysis, Deutsche Bank assumed the merger consideration consisted of 0.267 shares of Atheros common stock, based on the Atheros common stock five-day average closing price of \$27.34 as of September 4, 2009. This analysis indicated that the merger consideration to be paid to the holders of Intellon common stock pursuant to the Merger Agreement represented:

a premium of 49% based on the exchange ratio of 0.179 on September 4, 2009;

a premium of 39% based on the average exchange ratio of 0.192 for the 30-trading day period prior to September 4, 2009;

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a premium of 25% based on the average exchange ratio of 0.214 for the 60-trading day period prior to September 4, 2009;

a premium of 162% based on the low exchange ratio of 0.102 for the One Year Trading Period;

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a discount of 10% based on the high exchange ratio of 0.296 for the One Year Trading Period;

a premium of 163% based on the low exchange ratio of 0.101 for the period since Intellon's initial public offering; and

a discount of 10% based on the high exchange ratio of 0.296 for the period since Intellon's initial public offering.

*Analysis of Selected Publicly Traded Companies.* Deutsche Bank has compared certain financial information and commonly used valuation measurements for Intellon to corresponding information and measurements for a group of eleven publicly traded semiconductor and semiconductor devices companies (consisting of Atheros, Broadcom Corp., Entropic Communications, Inc., Exar Corp., Ikanos Communications, Inc., Marvell Technology Group Ltd., MediaTek Inc., Mindspeed Technologies Inc., PLX Technology Inc., PMC-Sierra Inc. and Sigma Designs Inc. (which collectively, are referred to in this proxy statement/prospectus as the "Selected Companies")). Such financial information and valuation measurements included, among other things, (i) multiples of common equity market value as adjusted for debt and cash, or Enterprise Value, to estimated revenues for calendar years 2009 and 2010 and (ii) multiples of Enterprise Value to estimated earnings before interest expense, income taxes and depreciation and amortization, or EBITDA, for calendar years 2009 and 2010. To calculate the trading multiples for Intellon and the Selected Companies, Deutsche Bank used publicly available information concerning historical and projected financial performance, including published historical financial information and certain financial estimates reported by selected equity research analysts. For each metric, from the range of multiples for the Selected Companies, Deutsche Bank selected a reference range that yielded ranges of implied prices per share set forth in the following table:

	Enterprise Value / CY 2009 Revenue		Enterprise Value / CY 2010 Revenue		Enterprise Value / CY 2009 EBITDA		Enterprise Value / CY 2010 EBITDA	
Selected Companies Multiple Range(1)	0.4 x	4.3x	0.3x	3.6x	6.4x	23.8x	4.1x	17.2x
Selected Multiple Range	1.0x	3.0x	0.8x	2.5x	10.0x	20.0x	8.0x	15.0x
Range of Implied Intellon Share Prices	\$4.15	\$8.46	\$4.25	\$9.04	\$3.64	\$5.30	\$ 5.17	\$7.95

(1) Publicly traded company multiples that are negative or above a certain limit (25x for EBITDA) are considered not meaningful. None of the Selected Companies is identical to Intellon. Accordingly, Deutsche Bank believes the analysis of the Selected Companies is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, reflected in the Deutsche Bank Opinion, concerning differences in financial and operating characteristics of the Selected Companies and other factors that could affect the public trading value of the Selected Companies.



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*Analysis of Selected Precedent Transactions.* Deutsche Bank reviewed the financial terms, to the extent publicly available, of 17 proposed, pending or completed mergers and acquisition transactions since June 2006 involving companies in the semiconductor and semiconductor devices industries (which, collectively, are referred to in this proxy statement/prospectus as the Selected Transactions ). The Selected Transactions reviewed were:

<b>Date Announced</b>	<b>Target</b>	<b>Acquirer</b>
07/07/09	Wireline business of Infineon Technologies AG	Golden Gate Capital
06/01/09	RMI Corporation	NetLogic Microsystems
04/30/09	Network Search Engine business of Integrated Device Technology, Inc.	NetLogic Microsystems
04/27/09	Tundra Semiconductor Corp.	Integrated Device Technology, Inc.
04/22/09	Broadband Access product lines of Conexant Systems, Inc.	Ikanos Communication, Inc.
02/23/09	hi/fn, Inc.	Exar Corp.
02/10/09	SiRF Technology Holdings, Inc.	CSR plc
04/29/08	Broadband Media Processing unit of Conexant Systems, Inc.	NXP B.V.
03/10/08	HDD business of Infineon Technologies AG	LSI Corp.
09/28/07	Embedded Communications Computing business of Motorola, Inc.	Emerson Electric Co.
08/23/07	Storage Products business of Vitesse Semiconductor Corp.	Maxim Integrated Products, Inc.
06/25/07	Legerity, Inc.	Zarlink Semiconductor Inc.
06/25/07	DSL CPE business of Texas Instruments Inc.	Infineon Technologies AG
05/08/07	Sipex Corp.	Exar Corp.
12/04/06	Agere Systems Inc.	LSI Corp.
09/11/06	Optical-Network Components business of Intel Corp.	Cortina Systems, Inc
06/27/06	Communications and Application Processor business of Intel Corp.	Marvell Technology Group Ltd.

For each of the Selected Transactions, Deutsche Bank has calculated and compared Enterprise value as (i) a multiple of revenues for the latest 12 months for which financial data was available (which are referred to in this proxy statement/prospectus as LTM revenue ) and (ii) a multiple of revenues for the immediately succeeding 12-month period for which financial data was available (which are referred to in this proxy statement/prospectus as NTM revenue ), in each case, as of the announcement date of the relevant transaction. For each metric, from the range of multiples for the Selected Transactions, Deutsche Bank selected a reference range that yielded ranges of implied prices per share set forth in the following table:

	<b>Enterprise Value / LTM revenue</b>		<b>Enterprise Value / NTM revenue</b>	
Selected Transactions Multiple Range(1)(2)	0.1x	3.2x	0.1x	2.4x
Selected Multiple Range	1.0x	2.5x	1.0x	2.0x
<i>Range of Implied Intellon Share Prices</i>	\$4.16	\$7.40	\$4.49	\$6.98

(1) Certain transaction values exclude forward looking earn-out values.

(2) NTM data for certain transactions were not available.

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All multiples for the Selected Transactions were based on public information available at the time of announcement of such transaction, without taking into account differing market and other conditions during the approximately three-year period during which the Selected Transactions occurred.

Because the reasons for, and circumstances surrounding, each of the Selected Transactions were so diverse, and due to the inherent differences between the operations and financial conditions of Intellon and the companies involved in the Selected Transactions, Deutsche Bank believes that a selected transaction analysis is not simply mathematical. Rather, it involves complex considerations and qualitative judgments, as reflected in the Deutsche Bank Opinion, concerning differences between the characteristics of these transactions and the Merger that could affect the value of the subject companies and businesses and Intellon.

*Discounted Cash Flow Analysis.* Deutsche Bank performed an illustrative discounted unlevered free cash flow analysis to determine indications of implied equity value per share of Intellon common stock based upon financial estimates reported by selected equity research analysts for years 2009 and 2010 and Intellon management's estimates for years 2011 through 2013. In performing the illustrative discounted cash flow analysis, Deutsche Bank applied discount rates ranging from 17.5% to 22.5% to projected unlevered free cash flows of Intellon for the six months ending December 31, 2009 and each of the years ending December 31, 2010, 2011, 2012 and 2013. The terminal values of Intellon were calculated based on projected EBITDA for 2013 and a range of multiples between 8.0x and 10.0x. This analysis indicated a range of values of \$5.60 to \$7.07 per share.

*Analysis of Premiums Paid.* Deutsche Bank has reviewed the premiums paid in (i) 430 U.S. merger and acquisition transactions announced from January 1, 2002 through July 31, 2009, that were less than \$300 million in deal size and (ii) 37 U.S. cash and stock combination merger and acquisition transactions announced from January 1, 2002 through July 31, 2009 (which, collectively with (i), are referred to in this proxy statement/prospectus as the M&A Selected Transactions) over the closing trading price of the target's common stock one trading day prior to announcement and 20 trading days prior to announcement. For each metric, from the range of premiums, Deutsche Bank selected a reference range that yielded an implied price per share range of \$6.00 to \$7.50. All premiums for the M&A Selected Transactions were based on public information available at the time of announcement of such transaction, without taking into account differing market and other conditions during the period during which the M&A Selected Transactions occurred.

The foregoing summary describes all analyses and factors that Deutsche Bank deemed material in its presentation to the Intellon board of directors, but is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing the Deutsche Bank Opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the Deutsche Bank Opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinions, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide the Deutsche Bank Opinion to the Intellon board of directors as to the fairness to the holders of shares of Intellon common stock (excluding Atheros and its affiliates) of the merger consideration and does not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by Intellon's management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Intellon's or Atheros control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are

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inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Intellon, Atheros or their respective advisors, neither Atheros, Intellon nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the Merger were determined through negotiations between Intellon and Atheros and were approved by the Intellon board of directors. Although Deutsche Bank provided advice to Intellon during the course of these negotiations, the decision to enter into the Merger was solely that of the Intellon board of directors. As described above, the Deutsche Bank Opinion and presentation of Deutsche Bank to the Intellon board of directors were only one of a number of factors taken into consideration by the Intellon board of directors in making its determination to approve the Merger. The Deutsche Bank Opinion was provided to the Intellon board of directors to assist it in connection with its consideration of the Merger and does not constitute a recommendation to any holder of Intellon common stock as to how to vote with respect to the Merger.

Intellon selected Deutsche Bank as financial advisor in connection with the Merger based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions. Intellon retained Deutsche Bank pursuant to a letter agreement dated August 11, 2009, or the Engagement Letter. As compensation for Deutsche Bank's services in connection with the Merger, Deutsche Bank will be paid a fee, a portion of which was payable upon delivery of the Deutsche Bank Opinion and a substantial portion of which is contingent upon consummation of the Merger. Regardless of whether the Merger is consummated, Intellon has agreed to reimburse Deutsche Bank for reasonable fees and disbursements of Deutsche Bank's counsel and all of Deutsche Bank's reasonable travel and other out-of-pocket expenses incurred in connection with the Merger or otherwise arising out of the retention of Deutsche Bank under the Engagement Letter. Intellon has also agreed to indemnify Deutsche Bank and certain related persons to the full extent lawful against certain liabilities, including certain liabilities under the federal securities laws arising out of its engagement or the Merger.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG, or, together with its affiliates, the DB Group. One or more members of the DB Group have, from time to time, provided investment banking services to Intellon or its affiliates for which it has received compensation, including acting as the lead underwriter for Intellon's \$45 million December 2007 initial public offering. DB Group may also provide investment and commercial banking services to Atheros and Intellon in the future, for which DB Group is expected to receive compensation. In the ordinary course of business, members of the DB Group may actively trade securities and other instruments and obligations of Intellon or Atheros for their own account or the account of their customers and, accordingly, may from time to time hold a long or short position in such securities, instruments and obligations.

**Interests of Intellon Directors and Executive Officers in the Merger**

The executive officers and some of the directors of Intellon have interests in the Merger as described below that are different from, or in addition to, the interests of Intellon stockholders generally. Intellon's executive officers, or named executive officers as such term is defined by SEC regulations, are Charles E. Harris, Rick E. Furtney, Brian T. McGee, William E. Earnshaw and William P. Casby. The Intellon board of directors was aware of these interests and considered them in approving the Merger Agreement and the Merger.

***Existing Employment Agreements with Change-in-Control Provisions***

Intellon has previously entered into employment agreements with Charles E. Harris and Rick E. Furtney.

Under Mr. Harris' employment agreement, in the event of a change in control, all of Mr. Harris' outstanding equity awards (a) vest in full immediately prior to a change in control, or (b) if Mr. Harris is terminated by Intellon without cause within six months prior to or upon a change in control, vest and remain outstanding and exercisable through the date of the change in control. Equity acceleration provided in Mr. Harris' employment

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agreement is intended to supersede change in control vesting in Intellon's 2000 Employee Incentive Plan, its 2007 Equity Incentive Plan or any successor plans, except to the extent such plans are more favorable to Mr. Harris. Under the terms of his employment agreement, whether or not as a result of a change in control, if Mr. Harris is terminated by Intellon without cause or by him for good reason and Mr. Harris signs a separation agreement with Intellon containing a mutual release of claims, then he is entitled to (a) a cash payment equal to 150% of the aggregate of his base salary for the year of termination plus 150% of his annual incentive bonus for the year prior to the year of termination, payable over an 18-month period, and (b) continued company-paid medical benefits for 18 months. In addition, if such termination occurs within twelve months of a change in control, to the extent not already vested, Mr. Harris' outstanding equity awards shall fully vest. Mr. Harris' employment agreement also entitles him to receive a tax-reimbursement gross-up payment from Intellon designed to offset any excise tax imposed upon him under Section 4999 of the Code as a result of his receipt of excess parachute payments as described in Section 280G of the Code.

Under Mr. Furtney's employment agreement, if Mr. Furtney is terminated by Intellon without cause or by Mr. Furtney for good reason within 12 months following a change in control and Mr. Furtney signs a separation agreement with Intellon containing a mutual release of claims, then Mr. Furtney is entitled to (a) a cash payment equal to 150% of the aggregate of his base salary for the year of termination plus 150% of his annual incentive bonus for the year prior to the year of termination, payable over an 18-month period, (b) continued company-paid medical benefits for 18 months, and (c) full vesting of all of his outstanding equity awards. Equity acceleration provided in Mr. Furtney's employment agreement is intended to supersede change in control vesting in Intellon's 2000 Employee Incentive Plan, 2007 Equity Incentive Plan or any successor plans, except to the extent such plans are more favorable to Mr. Furtney.

The completion of the Merger will constitute a change of control for purposes of the employment agreements described above. While it is not currently contemplated that either Mr. Harris or Mr. Furtney will continue as employees after the Closing, Atheros may retain them as consultants for a period of time after the Closing. However, as of the date of this proxy statement/prospectus, no arrangements have been finalized. Mr. Harris' right to receive a tax gross-up payment to offset any excise taxes imposed on him under Section 4999 depends on whether the aggregate value of the benefits Mr. Harris receives which are treated as contingent on the transaction, as specially valued for purposes of Section 280G of the Code, exceed three times Mr. Harris' average compensation from Intellon over the prior five calendar years. The determination of whether the transaction results in Mr. Harris receiving an excess parachute payment and the amount of gross-up payment due to Mr. Harris, if any, depends on many factors including, the price of Atheros common stock as of the closing date of the transaction and certain regulatory presumptions regarding the method for specially valuing compensation awards previously received by Mr. Harris. Due to these issues it is not certain whether a gross-up payment will be due or if it is due, the amount of such payment. Notwithstanding these uncertainties, Intellon has estimated that based on the trading price of Atheros common stock on September 28, 2009 the tax gross-up payment, if any, would be approximately \$745,805.

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The following table identifies, for each Intellon executive officer, the value of benefits conferred upon each executive officer in connection with the consummation of the Merger. Specifically, it identifies the estimated cash payments, the number of unvested options that will vest and become exercisable, the estimated value of unvested options that will vest and become exercisable, the number of shares of outstanding restricted stock that will vest, the estimated value of outstanding restricted stock that will vest, the number of shares of outstanding restricted stock units that will vest and the estimated value of outstanding restricted stock units that will vest. These values assume that the executive officers are terminated under circumstances that would entitle them to receive severance payments and accelerated vesting of their unvested equity on an assumed date for completion of the merger of September 28, 2009 and a stock price of \$7.30.

Name	Cash Payment (\$) (1)	Form of Equity	Grant Date	Grant Price (\$)	Number of Unvested Units that Will Vest	Estimated Value (\$) (2)	Equity Subtotal (\$)	TOTALS (\$)
Charles E. Harris	901,558						1,521,729	2,423,287
		NQSO	7/26/07	9.57	51,450			
		NQSO	2/26/09	2.10	125,000	650,000		
		RSU	2/26/09		62,500	466,916		
		RSU	6/1/09		54,187	404,813		
Rick E. Furtney	663,696						1,589,049	2,252,745
		NQSO	7/26/07	9.57	40,017			
		NQSO	2/26/09	2.10	77,500	403,000		
		RSU	2/26/09		38,750	289,488		
		RSU	6/1/09		45,320	338,570		
		RS	7/27/06		63,157	471,824		
		RS	1/30/07		11,534	86,167		
Brian T. McGee	446,959						1,016,573	1,463,532
		ISO	1/18/07	3.88	33,733	115,326		
		NQSO	1/18/07	3.88	42,215	144,324		
		NQSO	7/26/07	9.57	22,867			
		NQSO	2/26/09	2.10	60,000	312,000		
		RSU	2/26/09		30,000	224,120		
		RSU	6/1/09		29,556	220,803		
William E. Earnshaw	319,748						596,616	916,364
		NQSO	5/24/07	8.04	40,017			
		NQSO	2/26/09	2.10	40,000	208,000		
		RSU	2/26/09		20,000	149,413		
		RSU	6/1/09		32,019	239,203		
William P. Casby	322,702						559,816	882,518
		NQSO	5/24/07	8.04	22,867			
		NQSO	2/26/09	2.10	40,000	208,000		
		RSU	2/26/09		20,000	149,413		
		RSU	6/1/09		27,093	202,403		
<b>TOTALS</b>	<b>2,654,663</b>						<b>5,283,783</b>	<b>7,938,446</b>

(1) Cash payment includes the value of cash severance and health benefits.

(2) Estimated Value represents (a) for unexercised options, the aggregate market value, computed by multiplying (i) the difference between \$7.30 (the assumed per share merger consideration based on a mixed



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election, consisting of the sum of (x) the value of 0.135 per share of Atheros common stock for every share of Intellon common stock, assuming an Atheros common stock price of \$27.98 based on the closing price per share of Atheros common stock on September 4, 2009, plus (y) \$3.60 in cash) and the exercise price of the option, by (ii) the number of unexercised options outstanding and (b) for restricted stock and restricted stock units, the aggregate market value of the restricted stock and restricted stock units, computed by multiplying (i) the number of unvested shares of restricted stock or restricted stock units times 0.267 by (ii) the Atheros common stock price of \$27.98 based on the closing price per share of Atheros common stock on September 4, 2009.

***Existing Severance Agreements with Change-in-Control Provisions***

Intellon has previously entered into severance agreements with Brian T. McGee, William E. Earnshaw, and William P. Casby.

Under the severance agreement with Mr. McGee, in the event Mr. McGee's employment is terminated without cause or he resigns for good reason, within 12 months following a change in control, Mr. McGee will be entitled to (a) cash severance equal to 15 months of his current annual salary, less applicable withholding taxes, payable over a 15-month period, (b) a target bonus payment equal to his annual incentive cash bonus at the target level in effect at the termination date, less applicable withholding taxes, prorated for 15 months and payable over a 15-month period, (c) reimbursement of premiums paid for continued health benefits for 15 months or such earlier date as he may receive coverage under similar plans, and (d) full acceleration of the unvested portion of all of his unvested equity incentive awards. Equity acceleration provided in Mr. McGee's severance agreement is intended to supersede change in control vesting in Intellon's 2000 Employee Incentive Plan, 2007 Equity Incentive Plan or any successor plans, except to the extent such plans are more favorable to Mr. McGee. In the event severance payments described in this paragraph are excess parachute payments under Code Section 280G, Mr. McGee is entitled to receive either (i) the full payment subject to excise tax under the golden parachute rules or (ii) the payment after reduction by an amount such that no portion of the payment is subject to the golden parachute rules, whichever alternative results in the greatest net after-tax payment to Mr. McGee.

Under the severance agreements with Mr. Earnshaw and Mr. Casby, in the event their employment is terminated without cause or they resign for good reason within 12 months following a change in control, the executives will be entitled to (a) cash severance equal to 12 months of their current annual salary, less applicable withholding taxes, payable over a 12-month period, (b) a target bonus payment equal to their annual incentive cash bonus at the target level in effect at the termination date, less applicable withholding taxes, payable over a 12-month period, (c) reimbursement of premiums paid for continued health benefits for 12 months or such earlier date as they may receive coverage under similar plans, and (d) full acceleration of the unvested portion of all of their unvested equity incentive awards. Equity acceleration provided in each of Mr. Earnshaw's and Mr. Casby's severance agreement is intended to supersede change in control vesting in Intellon's 2000 Employee Incentive Plan, 2007 Equity Incentive Plan or any successor plans, except to the extent such plans are more favorable to Mr. Earnshaw or Mr. Casby. In the event severance payments described in this paragraph are excess parachute payments under Code Section 280G, Mr. Earnshaw and Mr. Casby are entitled to receive either (a) the full payment subject to excise tax under the golden parachute rules or (b) the payment after reduction by an amount such that no portion of the payment is subject to the golden parachute rules, whichever alternative results in the greatest net after-tax payment to Mr. Earnshaw and Mr. Casby.

The completion of the Merger will constitute a change of control for purposes of the severance agreements. In the event that Mr. McGee, Mr. Earnshaw or Mr. Casby is treated as receiving an excess parachute payment under Code Section 280G, the benefits to be received under the executive's severance agreement by reason of the Merger and as summarized in the table beginning on page 61 of this proxy statement/prospectus, may be reduced if such reduction will achieve a better after-tax result for the executive. Intellon has estimated that based on the trading price of the Atheros common stock on September 28, 2009 the amount of the reductions, if any, could be approximately \$173,507, \$134,333, and \$88,297, respectively, for Messrs. McGee, Earnshaw and Casby.

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### ***Stock Options, Restricted Stock and Restricted Stock Units held by Directors and Executive Officers***

The directors and executive officers of Intellon hold a combination of options, restricted stock and restricted stock units under the (a) Directors Stock Option and Restricted Stock Plan, as amended, (b) 2000 Employee Incentive Plan, as amended, and (c) 2007 Equity Incentive Plan.

#### *Stock Options*

All outstanding options to purchase Intellon common stock granted pursuant to an Intellon stock plan will be converted into an option to acquire, on substantially identical terms and conditions as were applicable under such stock options, a number of shares of Atheros common stock determined by multiplying the number of shares of Intellon common stock subject to such stock options immediately prior to the effective time of the Merger by the Option Exchange Ratio (as such term is defined on page 72 in the section titled "The Merger Agreement" of this proxy statement/prospectus); *provided, however*, that outstanding options to purchase Intellon common stock held by persons who are not employees or consultants to Intellon, including non-employee members of the Intellon board of directors, will be cancelled and the vested portion of such stock options will be automatically converted into the right to receive an amount in cash equal to the product of (A) the aggregate number of shares of Intellon common stock that were issuable upon exercise or settlement of such stock options immediately prior to the effective time of the Merger and (B) \$7.30, less any per share exercise price of such stock options.

As of the date of this proxy statement/prospectus, the directors and executive officers of Intellon held in the aggregate outstanding options to purchase approximately 1,084,454 shares of Intellon common stock of which options to purchase 860,492 shares of Intellon common stock were unvested as of the record date.

#### *Restricted Stock*

Each outstanding award of restricted Intellon common stock shall be converted, subject to the same forfeiture and other similar conditions applicable to restricted Intellon common stock immediately prior to the effective time of the Merger, into the number of shares of restricted Atheros common stock and/or cash, as the case may be, as elected by each holder of restricted Intellon common stock pursuant to his or her election.

Based on an implied value of \$27.98 per share (calculated using the closing trading price of Atheros common stock on September 4, 2009, the last trading day prior to the announcement of the Merger), as of September 4, 2009, assuming that the Merger was completed as of such date, the aggregate implied value of the outstanding shares of restricted stock held by the directors and executive officers of Intellon that would vest upon completion of the Merger, if such directors and executive officers did not continue as directors or employees after the Closing, is approximately \$557,991.

#### *Restricted Stock Units*

All outstanding awards of Intellon restricted stock units that are outstanding prior to the completion of the Merger will be converted, on substantially identical terms and conditions applicable to such awards, into restricted stock units of Atheros common stock, except that such restricted stock units will represent the right to receive, upon vesting, 0.267 shares of Atheros common stock.



**Table of Contents***Change-in-Control Provisions in Equity Incentive Plans*

Except as otherwise provided in any award, employment or severance agreement (as described herein with respect to the directors and executive officers), the 2000 Employee Incentive Plan and 2007 Equity Incentive Plan each provides for the following treatment of awards in the event of a change in control. In the event of a change in control, a holder of options granted under the 2000 Employee Incentive Plan is entitled to accelerated vesting of such options for the greater of (a) 12 months accelerated vesting based on the vesting schedule of each such option, or (b) a minimum of 50% of all of a participant's outstanding options shall become immediately vested. Additionally, unless directed otherwise by resolution adopted prior to and specifically relating to the occurrence of a change in control, if there is a change in control and a participant's employment or consulting relationship is terminated by Intellon (other than a termination for cause) upon such change in control or at any time during the one year period after such change of control occurs, all of a participant's unvested awards will become immediately vested and exercisable on the participant's termination date. Under the 2007 Equity Incentive Plan, in the event of a merger or change in control, each outstanding equity award will be treated as the administrator determines, including, without limitation, that each award will be assumed or an equivalent option or right substituted by the successor corporation or a parent or subsidiary of the successor corporation. The administrator is not required to treat all awards similarly in the transaction. In the event that the successor corporation does not assume or substitute for an award, each participant will fully vest in and have the right to exercise all of his or her outstanding options and stock appreciation rights, including shares as to which such awards would not otherwise be vested or exercisable, all restrictions on restricted stock and restricted stock units will lapse, and, with respect to awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at 100% of target levels and all other terms and conditions met.

The specific treatment and valuation of outstanding equity awards held by Intellon's executive officers in connection with the Merger is discussed above. Information about the treatment and valuation of outstanding equity awards held by Intellon's non-employee directors in connection with the Merger is set forth in the table below, assuming a stock price of \$7.30 and assuming the directors' services are terminated as of September 28, 2009.

Director	Form of Equity	Grant Date	Grant Price (\$)	Number of Units (1)	Estimated Value (\$) (2), (3)	TOTALS (\$)
Amaral, Walter D.						225,616
	NQSO	7/24/2008	3.90	48,159	163,741	
	NQSO	6/10/2009	4.59	9,600	26,016	
	RSU	6/10/2009		4,800	35,859	
Goldstein, Richard I.						217,294
	NQSO	6/1/2009	3.75	43,780	155,419	
	NQSO	6/10/2009	4.59	9,600	26,016	
	RSU	6/10/2009		4,800	35,859	
Norby, R. Douglas						217,294
	NQSO	6/1/2009	3.75	43,780	155,419	
	NQSO	6/10/2009	4.59	9,600	26,016	
	RSU	6/10/2009		4,800	35,859	
Rubinoff, Gary						217,294
	NQSO	6/1/2009	3.75	43,780	155,419	
	NQSO	6/10/2009	4.59	9,600	26,016	
	RSU	6/10/2009		4,800	35,859	
Ungerer, Scott						239,102
	NQSO	6/10/2009	4.59	9,600	26,016	
	RSU	6/1/2009		23,723	177,226	
	RSU	6/10/2009		4,800	35,859	
Vander Mey, James E.						217,294
	NQSO	6/1/2009	3.75	43,780	155,419	
	NQSO	6/10/2009	4.59	9,600	26,016	
	RSU	6/10/2009		4,800	35,859	
<b>TOTALS</b>						<b>1,333,894</b>



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- (1) Number of Units represents (a) for stock options, the aggregate number of vested and unvested stock options held by each non-employee director for which the director will receive cash upon consummation of the Merger and (b) for restricted stock units, the aggregate number of unvested restricted stock units held by each director that will vest upon termination of the director's services.
- (2) All stock options held by Intellon's non-employee directors will vest immediately upon the consummation of the Merger and then be settled for the cash value specified under Estimated Value in the table above, which represents the aggregate market value, computed by multiplying (i) the difference between \$7.30 (the assumed per share merger consideration based on a mixed election, consisting of the sum of (x) the value of 0.135 per share of Atheros common stock for every share of Intellon common stock, assuming an Atheros common stock price of \$27.98 based on the closing price per share of Atheros common stock on September 4, 2009, plus (y) \$3.60 in cash) and the exercise price of the option, by (ii) the number of options outstanding.
- (3) Pursuant to Intellon's 2007 Equity Incentive Plan, all restricted stock units held by Intellon's non-employee directors will vest immediately in the event the director is terminated following the Merger. The Estimated Value in the table above represents the aggregate market value of the unvested restricted stock units that would vest, computed by multiplying (i) the number of unvested restricted stock units times 0.267 by (ii) the Atheros common stock price of \$27.98 based on the closing price per share of Atheros common stock on September 4, 2009.

**Equity Holdings**

The table below presents information about the number of outstanding stock options, common stock (including restricted stock) and restricted stock units held by each of the directors and executive officers of Intellon as of September 28, 2009.

<b>Directors and Executive Officers</b>	<b>Stock Options</b>	<b>Common Stock</b>	<b>RSUs</b>
Charles E. Harris(1)	207,320	1,066,499	116,687
Rick E. Furtney(2)	141,527	472,304	84,070
Brian T. McGee	274,114	1,000	59,556
William E. Earnshaw	104,027	93,471	52,019
William P. Casby(3)	76,587	127,557	47,093
Walter D. Amaral	57,759		4,800
Richard I. Goldstein(4)	53,380		4,800
R. Douglas Norby	53,380	6,403	4,800
Gary Rubinoff(5)	53,380	1,646,750	4,800
Scott B. Ungerer(6)	9,600	2,333,285	28,523
James E. Vander Mey(7)	53,380	72,469	4,800
<b>Total</b>	<b>1,084,454</b>	<b>5,819,738</b>	<b>411,948</b>

- (1) Includes 513,038 shares held by the Charles E. Harris Revocable Trust, of which Mr. Harris exercises voting and investment control. Also includes 826 shares held by Synagen Capital Partners, Inc., over which shares Mr. Harris has sole voting and investment control.
- (2) Includes 169,152 shares of unvested restricted stock as of September 28, 2009.
- (3) Shares held by the 2001 Casby Family Trust.
- (4) Does not include 2,135,509 shares owned by LAP Intellon Holdings, LLC, of which Mr. Goldstein is the Managing Director and Vice President. Mr. Goldstein disclaims beneficial ownership of these shares except to the extent of his proportionate pecuniary interest.
- (5) Shares held by Summerhill Ventures I LP. Summerhill Venture Partners Inc., in its capacity as general partner of Summerhill Venture Partners LP in its capacity as general partner of Summerhill Ventures I LP, has voting and investment control of these shares. Summerhill Venture Partners Inc. is controlled by the majority vote of its two managing directors, Gary Rubinoff and Joe Catalfamo.

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- (6) Includes 2,237,920 shares held by EnerTech Capital Partners II L.P., or ECP II LP, 85,368 shares held by ECP II Interfund L.P., or ECP II Interfund, and 9,997 shares held by EnerTech Capital Partners, L.P., or ECP L.P. ECP II LP and ECP II Interfund are required by their respective partnerships to invest and divest in their investments in parallel. Scott B. Ungerer, a member of the executive board of ECP II Management LLC, may be deemed to share voting and dispositive power over the shares held by ECP II LP and ECP II Interfund; however, he disclaims beneficial ownership of shares held by ECP II LP except to the extent of any pecuniary interest therein. Scott Ungerer, a member of the executive board of EnerTech Management Company Manager, LLC, may be deemed to share voting and dispositive power over the shares held by ECP L.P.; however, he disclaims beneficial power over the shares held by ECP L.P. except to the extent of any pecuniary interest therein.
- (7) Includes 19,451 shares held by the James E. Vander Mey Revocable Living Trust, of which Mr. Vander Mey exercises voting and investment control, and 6,091 shares held by the Barbara O. Vander Mey Living Trust.

***Indemnification and Directors and Officers Liability Insurance***

Intellon shall purchase prior to the Closing an insurance and indemnification policy in form and substance reasonably acceptable to Atheros that provides coverage for acts or omissions occurring on or prior to the effective time of the Merger covering each person currently covered by the officers and directors liability insurance policies of Intellon. For a period of six (6) years following the effective time of the Merger, Atheros shall, and as applicable shall cause the final surviving entity in the Merger and its subsidiaries to, honor and fulfill in all respects the obligations of Intellon and its subsidiaries under each indemnification contract between Intellon and/or its applicable subsidiaries and any of their applicable current or former directors and officers. For a period of six (6) years following the Merger and subject to compliance with applicable state and federal laws, Atheros shall (and shall cause the final surviving entity in the Merger and its subsidiaries to) cause the certificate of incorporation and bylaws (and other similar organizational documents) of the final surviving entity in the Merger and its subsidiaries to contain provisions with respect to indemnification, exculpation and advancement of expenses that are at least as favorable as the indemnification, exculpation and advancement of expenses provisions contained in the certificate of incorporation and bylaws (or other similar organizational documents) of Intellon and its subsidiaries as of the date of the Merger, and during such six (6) year period, such provisions shall not, unless required by applicable state and federal laws, be amended, repealed or otherwise modified in any manner that would adversely affect the rights of the Intellon's directors and officers.

***Employment Agreements***

Atheros extended an offer of employment to Brian T. McGee, Intellon's senior vice president and chief financial officer, which was accepted by Mr. McGee. Effective upon the Closing, Mr. McGee will be vice president and general manager with an annual base salary of \$270,000 and is eligible for an annual bonus pursuant to Atheros' bonus program as determined by the Atheros board of directors with an original target annual bonus set at 45% of his base salary for achievement of baseline objectives with up to an additional 30% of his base salary for achievement of objectives at higher levels. Mr. McGee will also receive, subject to approval by the compensation committee of the board of directors of Atheros, restricted stock units for 30,000 shares of Atheros common stock, with the first 25% of the shares vesting during an open trading window approximately one year after the Closing and the remaining shares vesting quarterly over the next three years.

Atheros also extended an offer of employment to William Earnshaw, Intellon's senior vice president of engineering, which was accepted by Mr. Earnshaw. Effective upon the Closing, Mr. Earnshaw will be vice president of engineering with an annual base salary of \$225,000 and is eligible for an annual bonus pursuant to Atheros' bonus program as determined by the Atheros board of directors with an original target annual bonus set at 35% of his base salary for achievement of baseline objectives with up to an additional 25% of his base salary for achievement of objectives at higher levels. Mr. Earnshaw will also receive, subject to approval by the compensation committee of the board of directors of Atheros, restricted stock units for 25,000 shares of Atheros common stock, with the first 25% of the shares vesting during an open trading window approximately one year after the Closing and the remaining shares vesting quarterly over the next three years.

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**THE MERGER AGREEMENT**

The following summary of the Merger Agreement is qualified by reference to the complete text of the Merger Agreement, which is attached as Annex A and incorporated by reference into this discussion.

The Merger Agreement contains representations and warranties Atheros and Intellon made to each other. The assertions embodied in those representations and warranties are qualified by information in confidential disclosure schedules that Atheros and Intellon have exchanged in connection with signing the Merger Agreement. The disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the attached Merger Agreement. Accordingly, you should keep in mind that the representations and warranties are modified in important part by the underlying disclosure schedules. The disclosure schedules contain information that has been included in Atheros' and Intellon's general prior public disclosures, as well as additional information, some of which is non-public. Neither Atheros nor Intellon believes that the disclosure schedules contain information that the securities laws require either or both of them to publicly disclose except as discussed in this proxy statement/prospectus. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the agreement, and this information may or may not be fully reflected in the companies' public disclosures.

**Structure of the Merger**

Under the Merger Agreement, Merger Sub 1, a direct wholly-owned subsidiary of Atheros, will first merge with and into Intellon. Pursuant to the first merger, Intellon will be the surviving entity and the separate corporate existence of Merger Sub 1 will cease. Immediately after the first merger, Intellon will be merged with and into Merger Sub 2, another direct wholly-owned subsidiary of Atheros. Pursuant to the second merger, Merger Sub 2 will be the surviving entity and the separate corporate existence of Intellon will cease.

**Timing of Closing**

We expect that the Closing will occur on the day on which the last of the conditions set forth in the Merger Agreement has been satisfied or waived. Prior to the Closing, certificates of merger will be filed with the Secretary of State of the State of Delaware, for each of the first and second mergers with instructions to the Secretary of State of the State of Delaware that the second merger shall become effective immediately after the first merger becomes effective.

**Merger Consideration**

At the completion of the Merger, each outstanding share of Intellon common stock will be converted into the right to receive, based upon the prior election by the holder of such share:

a combination of approximately 0.135 shares of Atheros common stock and \$3.60 in cash, which we refer to in this proxy statement/prospectus as the mixed election ;

up to 0.267 shares of Atheros common stock with any portion not paid in stock, due to the proration discussed below, paid in cash, which we refer to in this proxy statement/prospectus as the stock election ; or

up to \$7.30 in cash with any portion not paid in cash, due to the proration discussed below, paid in stock, which we refer to in this proxy statement/prospectus as the cash election.

Intellon stockholders may elect to receive one of these three combinations of consideration. **However, these elections are subject to proration based on (i) Intellon's capitalization at the Closing, (ii) the number of shares electing each type of consideration, (iii) the requirement in the Merger Agreement to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration paid for all of the outstanding shares of Intellon common stock and equity**

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awards, taken together, and (iv) the need to preserve the intended treatment of the transaction as a reorganization within the meaning of Section 368(a) of the Code. As a result, even if you make the stock or cash election, you may receive a prorated amount of cash or Atheros common stock. Intellon stockholders who do not make an election will be deemed to have made the cash election.

Shares of Atheros common stock are traded on the NASDAQ Global Select Market under the symbol ATHR.

***Explanation of the Proration of the Consideration Elections***

The total amount of consideration to be issued in stock and cash in the Merger will be adjusted such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration (based on the trading value of the shares of Atheros common stock on September 4, 2009) and equity awards, taken together, and the balance will be in cash. In addition, and prior to any proration of any merger consideration elections, (i) all outstanding awards of Intellon restricted stock units will be converted into the right to receive, upon vesting, 0.267 shares of Atheros common stock, and (ii) all outstanding options to acquire Intellon common stock, other than certain non-assumed options as described below, will be converted into shares of Atheros common stock at the Option Exchange Ratio discussed below. The shares of Atheros common stock to be issued in exchange for the Intellon restricted stock units and the assumed Intellon options will therefore reduce the total amount of Atheros common stock available to be issued in the Merger. Further, and prior to any merger consideration elections, certain options held by persons who are not employees of or consultants to Intellon will be cancelled and converted into the right to receive cash. Therefore cash equal to the product of (A) the aggregate number of shares of Intellon common stock that were issuable upon exercise of such options immediately prior to the effective time and (B) \$7.30 will reduce the total amount of cash available to be paid in the Merger. All options held by non-employee members of the Intellon board of directors shall be non-assumed options for purposes of the Merger Agreement. The foregoing is referred to below as the Pre-Proration Adjustments.

Subject to the foregoing and based on the number of shares of Intellon common stock, options and restricted stock units outstanding on September 4, 2009 and on the average closing price per share of Atheros common stock on such date, the total amount of cash that will be paid to holders of Intellon common stock in the Merger will be equal to approximately \$3.60 multiplied by the total number of shares of Intellon common stock outstanding immediately prior to completion of the Merger. The overall amount of Atheros common stock that will be issued in the Merger to holders of Intellon common stock will be equal to approximately the product of (x) the total number of shares of Intellon common stock outstanding immediately prior to completion of the Merger multiplied by (y) 0.135. As discussed above, each election is subject to proration to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute no less than 45% and no more than 55% of the total consideration. Therefore, unless the number of stock elections is significantly greater than the number of cash elections, Intellon stockholders making the cash election will not receive \$7.30 in cash for each share of Intellon common stock, but instead will receive a mix of stock and cash calculated to preserve the overall stock and cash mix described above, after taking into account all of the elections made by all of the Intellon stockholders. In all cases, Intellon stockholders who make the cash election will receive at least as much cash as is received by stockholders electing the mixed election. Similarly, if fewer stockholders elect the cash election, Intellon stockholders making the stock election will not receive 0.267 shares of Atheros common stock for each share of Intellon common stock, but instead will receive a mix of stock and cash calculated to preserve the overall stock and cash mix described above, after taking into account all of the elections made by all of the Intellon stockholders. In all cases, Intellon stockholders who make the stock election will receive at least as much stock as is received by stockholders electing the mixed election.

We illustrate below how the proration mechanism will be used. For ease of reference, we refer to the amount of cash derived by multiplying \$3.60 by the total number of shares of Intellon common stock outstanding immediately prior to completion of the Merger as the aggregate cash amount and we refer to the amount of

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stock derived by multiplying 0.135 shares of Atheros common stock by the total number of shares of Intellon common stock outstanding immediately prior to the completion of the Merger as the aggregate stock amount. The illustration below does not reflect the Pre-Proration Adjustment as the Pre-Proration Adjustment is not determinable at the time this proxy statement/prospectus is being sent to Intellon stockholders.

### ***Proration If Too Much Cash Is Elected***

Unless the number of stock elections is significantly greater than the number of cash elections, Intellon stockholders making the cash election will not receive \$7.30 in cash per share of Intellon common stock, but instead will receive a mix of stock and cash calculated in the following manner:

**Step 1: Derive the available cash election amount:** The available cash election amount is the aggregate cash amount *minus* the amount of cash to be paid in respect of shares of Intellon common stock as to which a valid election for the mixed election was made.

**Step 2: Derive the elected cash amount:** The elected cash amount is an amount equal to \$7.30 *multiplied by* the number of shares of Intellon common stock as to which a valid cash election was made or as to which no election was made.

**Step 3: Derive the cash proration factor:** The cash proration factor equals the available cash election amount *divided by* the elected cash amount.

**Step 4: Derive the prorated cash merger consideration:** The prorated cash merger consideration is an amount in cash equal to \$7.30 *multiplied by* the cash proration factor.

**Step 5: Derive the prorated stock merger consideration:** The prorated stock merger consideration is a number of shares of Atheros common stock equal to (x) 0.267 *multiplied by* (y) a number equal to 1 *minus* the cash proration factor.

**Step 6: Determine the stock and cash mix:** Each share of Intellon common stock as to which a valid cash election was made or as to which no election was made will be converted into the right to receive the prorated cash merger consideration and the prorated stock merger consideration.

### ***Proration If Mainly Shares of Atheros Common Stock Are Elected***

If there are mainly all stock elections, Intellon stockholders making the stock election will not receive 0.267 shares of Atheros common stock for each share of Intellon common stock, but instead will receive a mix of stock and cash calculated in the following manner:

**Step 1: Derive the available stock election amount:** As stated above, the available stock election amount is the aggregate stock amount *minus* the amount of stock to be issued in respect of shares of Intellon common stock as to which a valid election for mixed merger consideration was made, *minus* the amount of stock to be issued in respect of shares of Intellon common stock as to which a valid election for cash merger consideration was made or is deemed to have been made.

**Step 2: Derive the elected stock amount:** As stated above, the elected stock amount is an amount equal to 0.267 *multiplied by* the number of shares of Intellon common stock as to which a valid stock election was made.

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**Step 3: Derive the stock proration factor:** The stock proration factor equals the available stock election amount *divided by* the elected stock amount.

**Step 4: Derive the prorated stock merger consideration:** The prorated stock merger consideration is a number of shares of Atheros common stock equal to 0.267 *multiplied by* the stock proration factor.

**Step 5: Derive the prorated cash merger consideration:** The prorated cash merger consideration is an amount in cash equal to \$7.30 *multiplied by* an amount equal to 1 minus the stock proration factor.



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**Step 6: Determine the stock and cash mix:** Each share of Intellon common stock as to which a valid stock election was made will be converted into the right to receive the prorated stock merger consideration and the prorated cash merger consideration.

***Explanation of Potential Adjustment to Merger Consideration***

In the event that, before the completion of the Merger, any change in the outstanding shares of capital stock of Atheros or Intellon occurs as a result of any reclassification, recapitalization, stock split, or combination, exchange or readjustment of shares, or any stock dividend thereon with a record date during such period, the relevant components of the merger consideration will be appropriately adjusted in order to provide Intellon stockholders with the economic effect contemplated by the parties in the Merger Agreement.

Also, if for any reason (including any payments required to dissenting Intellon stockholders), the first merger and the second merger, taken together, fail to qualify as a reorganization within the meaning of Section 368(a) of the Code, then, if requested by Intellon, the relevant merger consideration will be reduced only to the extent necessary for the first merger and the second merger, taken together, to qualify as a reorganization within the meaning of Section 368(a) of the Code, subject to certain restrictions set forth in the Merger Agreement.

***Potential Value of Merger Consideration***

Based on the five-day average closing price of Atheros common stock on the NASDAQ Global Select Market on September 4, 2009, which was \$27.34, 0.267 shares of Atheros common stock had a value of \$7.30 and 0.135 shares of Atheros common stock had a value of \$3.70. The value of Atheros common stock will fluctuate prior to completion of the Merger.

Solely for purposes of illustration, the following table reflects the per share amount of cash and the market value of the Atheros common stock that an Intellon stockholder would receive pursuant to the merger consideration, before adjustments are made to achieve an aggregate consideration mix permissible under the terms of the Merger Agreement.

Assumed Market Price (per share of Atheros Common Stock)	Per Share Mixed Election			Per Share Cash Election Cash Amount Paid	Per Share Stock Election Value of 0.267 of an Atheros Share
	Value of 0.135 of an Atheros Share	Cash Amount Paid	Total Value of Mixed Election		
\$20.00	\$ 2.71	\$ 3.60	\$ 6.31	\$ 7.30	\$ 5.34
\$25.00	\$ 3.38	\$ 3.60	\$ 6.98	\$ 7.30	\$ 6.68
\$27.34	\$ 3.70	\$ 3.60	\$ 7.30	\$ 7.30	\$ 7.30
\$30.00	\$ 4.06	\$ 3.60	\$ 7.66	\$ 7.30	\$ 8.01
\$35.00	\$ 4.73	\$ 3.60	\$ 8.33	\$ 7.30	\$ 9.35

The market prices of Atheros common stock used in the above tables, and the assumptions regarding the mix of cash and stock a hypothetical Intellon stockholder would receive are for purposes of illustration only. The price of Atheros common stock fluctuates and may be higher or lower than in these examples at the time of the Closing. In addition, the percentage of cash and Atheros common stock paid in the Merger will depend on the aggregate elections made by Intellon stockholders. In addition, due to the adjustment mechanisms stipulated in the Merger Agreement, the elections of other Intellon stockholders will impact the consideration mix ultimately received by any given stockholder.

**Intellon stockholders should consider the potential effects of proration and should obtain current market quotations for shares of Atheros common stock before electing the form of consideration they wish to receive. The market price of shares of Atheros common stock will fluctuate prior to completion of the Merger and thereafter.**

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### ***Conversion of Shares***

At the effective time of the Merger, each outstanding share of Intellon common stock (other than shares held by Intellon, Atheros, Merger Sub 1, Merger Sub 2 and stockholders who properly exercise their dissenters' rights) will automatically be canceled and retired, will cease to exist and will be converted into the right to the merger consideration elected, subject to proration as described above. Shares of Intellon common stock owned by Intellon, Atheros or Merger Sub 1 and Merger Sub 2 will be canceled in the Merger without payment of any merger consideration.

Following the Merger, Atheros will make available to the exchange agent, the merger consideration to be delivered in respect of shares of Intellon common stock. Atheros has appointed Computershare Trust Company, N.A. to act as exchange agent for the Merger. The Merger Agreement provides that an election form and other appropriate and customary transmittal materials will be mailed together with this proxy statement/prospectus (or at such other time as Atheros and Intellon may agree), to each holder of record of Intellon common stock as of the close of business on the record date for notice of the Intellon special meeting. Each election form will allow the holder to elect its preferred merger consideration. The exchange agent will also make election forms available to holders of Intellon common stock who request such forms prior to the election deadline, which is 5:00 p.m., Eastern Time, on the day before the special meeting, which is currently scheduled for , 2009.

Holders of Intellon common stock who wish to elect the type of merger consideration they will receive in the Merger should carefully review and follow the instructions set forth on the election form. To make an election, an Intellon stockholder must submit a properly completed election form, together with stock certificates representing all shares covered by the election form or confirmation of a book-entry transfer of such shares into the exchange agent's account at the Depository Trust Company, or DTC, so that the form is actually received by the exchange agent at or prior to the election deadline in accordance with the instructions on the form. Shares of Intellon common stock as to which the holder has not made a valid election prior to the election deadline will be deemed to have elected to receive the cash merger consideration in exchange for each of his or her shares of Intellon common stock.

Once Intellon stockholders deliver their election forms and stock certificates or confirmation of a book-entry transfer to the exchange agent, they may revoke their elections by submitting written notice of revocation to the exchange agent, so that the notice is actually received by the exchange agent at or prior to the election deadline. If an Intellon stockholder revokes his or her election and fails to elect an alternate form of merger consideration, the stockholder will be deemed to have elected to receive the cash merger consideration. If a stockholder's election is revoked, the exchange agent will return to the holder any stock certificates that the holder may have previously submitted or transfer such shares to the account specified by the holder together with the original election form. Intellon stockholders will not be able to revoke their elections following the election deadline.

### ***Exchange of Intellon Stock Certificates***

Promptly after the closing, the exchange agent will send to each holder of Intellon common stock (other than holders who have already surrendered all of their stock with an election form) a letter of transmittal for use in the exchange and instructions explaining how to surrender Intellon shares to the exchange agent. Holders of Intellon common stock who surrender their certificates to the exchange agent or transfer the shares to the exchange agent's account at DTC, together with a properly completed letter of transmittal, will receive the appropriate merger consideration, subject to the proration discussed above. Holders of unexchanged shares of Intellon common stock will not be entitled to receive any dividends or other distributions payable by Atheros, if any, after the closing until their shares are properly surrendered.

Atheros will not issue any fractional shares in the Merger. Holders of Intellon common stock will receive a cash payment in the amount of the proceeds from the sale of their fractional shares in the market.

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### ***Lost Intellon Stock Certificates***

If any Intellon stock certificate has been lost, stolen or destroyed, the exchange agent may, in its discretion and as a condition precedent to the payment of cash or the issuance of any certificate representing Intellon common stock in exchange therefor pursuant to the Merger Agreement, require the owner of such certificate to deliver an affidavit, in form and substance reasonably acceptable to Intellon, claiming that such certificate has been lost, stolen or destroyed and a bond in customary amount as indemnity against any claim that may be made with respect to that certificate against Intellon, Atheros or the exchange agent.

### ***Treatment of Intellon Options and Equity Awards***

At the effective time of the Merger, (i) each outstanding option to purchase shares of Intellon common stock granted under any of Intellon's plans and agreements, whether or not vested, will be converted into an option to acquire a number of shares of Atheros common stock equal to the product of (a) the number of shares of Intellon common stock subject to such option immediately prior to the effective time *multiplied by* (b) the Option Exchange Ratio (as defined below), rounded down to the nearest whole share, *provided, however*, that certain options held by persons who are not employees, including non-employee members of the Intellon board of directors, or consultants to Intellon will be cancelled and automatically converted into the right to receive an amount in cash equal to the product of (A) the aggregate number of shares of Intellon common stock that were issuable upon exercise or settlement of such options immediately prior to the effective time and (B) \$7.30, less any per share exercise price of such options; (ii) all outstanding awards of Intellon restricted stock units will be converted, on substantially identical terms and conditions applicable to such awards, into restricted stock units of Atheros common stock, except that such restricted stock units will represent the right to receive, upon vesting, 0.267 shares of Atheros common stock; and (iii) each outstanding award of restricted Intellon common stock shall be converted, into the number of shares of restricted Atheros common stock and/or cash, as the case may be, as elected by each holder of restricted Intellon common stock pursuant to the stockholder election, subject to the previously described proration, and shall be subject to the same forfeiture and other conditions applicable to restricted Intellon common stock immediately prior to the effective time.

The Option Exchange Ratio means (i) (A) 0.267008, multiplied by (B) the Elected stock percentage; plus (ii) (A) the quotient obtained by dividing \$7.30 by the closing sale price for Atheros common stock on the NASDAQ Global Select Market for the last trading day immediately prior to the closing date, multiplied by (B) the Elected cash percentage.

Elected cash percentage means the quotient obtained by dividing (i) the aggregate amount of cash issuable to Intellon stockholders pursuant to the merger consideration by (ii) (A) the aggregate amount of cash issuable pursuant to the merger consideration plus (B) the product of (x) the number of shares of Atheros common stock issuable pursuant to the merger consideration multiplied by (y) \$27.34.

Elected stock percentage means the quotient obtained by dividing (i) the product of (A) the number of shares of issuable to Intellon stockholders pursuant to the merger consideration multiplied by (B) \$27.34, by (ii) (A) the aggregate amount of cash issuable pursuant to the merger consideration plus (B) the product of (x) the number of shares of issuable pursuant to the merger consideration multiplied by (y) \$27.34.

The exercise or base price per share of Atheros common stock subject to any such converted option will be an amount equal to (a) the exercise or base price per share of Intellon common stock subject to such option prior to the effective time of the Merger *divided by* (b) the Option Exchange Ratio, rounded up to the nearest one hundredth of a cent. All other terms of options to purchase Intellon common stock will continue to apply after conversion, including any provisions for the acceleration of vesting.

For additional information on Intellon's stock-based awards, see Interests of Intellon Directors and Executive Officers in the Merger beginning on page 59 of this proxy statement/prospectus.

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### **Covenants**

Each of Atheros and Intellon has undertaken various covenants in the Merger Agreement. The following summarizes the more significant of these covenants.

*No Solicitation.* Intellon has agreed that it and its subsidiaries will not, and that it will cause its and its subsidiaries' respective officers, directors, employees, advisors and other representatives, directly or indirectly, not to

solicit, initiate or take any action to knowingly encourage or knowingly facilitate the making of any alternative acquisition proposal involving Intellon or any inquiry with respect to an alternative acquisition proposal;

engage in discussions or negotiations with any person with respect to an alternative acquisition proposal or any inquiry with respect thereto;

furnish or disclose any nonpublic information or, except as required by law, afford access to the business, properties, books or records to, or otherwise assist or take any action to knowingly encourage or facilitate, any effort by any third party that has made, or is considering making, an alternative acquisition proposal;

fail to make, withdraw or modify the recommendation of the Intellon board of directors that its stockholders approve the Merger, or the Intellon board recommendation, in a manner adverse to Atheros or publicly recommend any alternative acquisition proposal or take any public action or make any public statement inconsistent with the Intellon board recommendation, or collectively, an adverse recommendation change; or

enter into any agreement, letter of intent, term sheet or similar instrument relating to an alternative acquisition proposal. An alternative acquisition proposal is any offer or proposal from a third party relating to a:

direct or indirect acquisition or purchase of 20% or more of the consolidated net assets of Intellon and its subsidiaries;

direct or indirect acquisition or purchase of 20% or more of any class of equity or voting securities of Intellon or all of the equity securities of any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the consolidated assets of Intellon;

tender offer or exchange offer that, if completed, would result in any third party owning 20% or more of any class of equity or voting securities of Intellon, or all or substantially all of the equity or voting securities of any of its subsidiaries whose assets, individually or in the aggregate, constitutes 20% or more of the consolidated assets of Intellon; or

merger, consolidation, share exchange, business combination, sale of substantially all of the assets, reorganization, recapitalization, liquidation, dissolution or similar transaction involving Intellon or any of its subsidiaries that would result in a third party owning 20% or more of the consolidated assets of Intellon.

Prior to the approval of the Merger by the Intellon stockholders, Intellon may, but only in response to a request, to a person making an alternative acquisition proposal to the Intellon board of directors that was not solicited in violation of Intellon's non-solicitation obligations under the Merger Agreement or the letter agreement dated August 17, 2009, between Atheros and Intellon (which we refer to in this proxy statement/prospectus as the Letter Agreement):

furnish information with respect to Intellon and its subsidiaries and participate in discussions and negotiate with the person making the alternative acquisition proposal; and

make an adverse recommendation change and/or enter into an agreement regarding such superior proposal.

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Intellon may only furnish information and participate in discussions as described above, however, if:

the Intellon board of directors concludes in good faith, after receipt of the advice of its financial advisor and outside legal counsel, that there is a reasonable likelihood that the alternative acquisition proposal will result in a superior proposal and that doing so is necessary for the Intellon board of directors to comply with its fiduciary duties to Intellon's stockholders;

Intellon complies with its obligations to keep Atheros informed as to the details of such offer; and

the Intellon board of directors receives from the person making the alternative acquisition proposal an executed confidentiality agreement whose material confidentiality terms are, in all material respects, no less favorable to Intellon than those contained in the existing confidentiality agreement between Intellon and Atheros, and any information provided to such person also has been provided or is provided promptly to Atheros.

Intellon must keep Atheros informed of the identity of any potential bidder and the material terms and status of any offer.

A superior proposal is a bona fide written alternative acquisition proposal, substituting 50% for each reference to 20% in the definition of alternative acquisition proposal and which:

is not solicited in violation of non-solicitation obligations in the Merger Agreement or the Letter Agreement; and

is on terms that Intellon's board determines, in its good faith judgment (after consultation with, and taking into account the advice of, its financial advisor and outside legal counsel), are more favorable to Intellon and its stockholders than the Merger and constitutes a transaction that is reasonably capable of being consummated on the terms proposed.

*Intellon's Board of Directors Recommendation to Stockholders.* Intellon has agreed that its board will recommend the approval and adoption of the Merger and the Merger Agreement to Intellon's stockholders. However, prior to the approval of the Merger by the Intellon stockholders, the Intellon board of directors is permitted to make an adverse recommendation change if:

the Intellon board of directors determines in its good faith judgment, after consulting with its financial advisor and outside legal counsel, that failure to withdraw or modify its recommendation would be inconsistent with fulfilling its fiduciary duty to stockholders;

the withdrawal or modification relates to an alternative acquisition proposal, which proposal is a superior proposal;

Intellon has given Atheros advance written notice of its decision to make an adverse recommendation change, including the material terms and conditions of the superior proposal;

Intellon has given Atheros the opportunity, for at least five business days after delivery of that notice, to propose revisions to the Merger Agreement or to make another proposal in response to an alternative acquisition proposal and considered in good faith those revisions or that other proposal and Intellon's board has determined that the superior proposal would still constitute a superior proposal if such revisions were to be given effect or has determined to make an adverse recommendation change even if such revisions were to be given effect; and

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Intellon has complied with its obligations under the no solicitation covenant described above under No Solicitation. *Interim Operations of Intellon.* The Merger Agreement provides that until the effective time of the Merger, Intellon and its subsidiaries will conduct their business in the ordinary course consistent with past practice and in material compliance with applicable law. Intellon has also agreed that during this period it and its subsidiaries

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will use their commercially reasonable efforts to preserve intact their business organizations, maintain permits and the services of its directors, officers and employees and preserve relationships with third parties with whom they have material business relationships. In addition, Intellon has agreed to the following specific restrictions on the conduct of its business during this period which are subject to exceptions described in the Merger Agreement. Intellon generally has agreed that, except with the prior written consent of Atheros, it will not, and will not permit any of its subsidiaries to:

amend its charter or bylaws;

effect a stock split, combination or reclassification or declare any dividends by any of its capital stock;

redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any securities of Intellon or its subsidiaries;

issue or sell any of its capital stock or any securities convertible into its capital stock other than in connection with its employee stock purchase plan in the ordinary course and upon the vesting or exercise of any restricted stock units and options;

amend any term of any securities of Intellon or its subsidiaries;

grant any stock options, restricted stock awards, restricted stock units or other equity awards except for the issuance of stock options to purchase up to 50,000 shares to new employees (i) hired pursuant to requisitions open as of the date of the Merger Agreement or (ii) in the ordinary course of business at exercise prices equal to at least the then-current market price of Intellon stock;

make or authorize any capital expenditures in excess of \$100,000;

acquire (by merger or acquisition of stock or assets), or make any loans or investments in, any equity securities, except in a wholly-owned subsidiary of Intellon or in the ordinary course consistent with past practice;

sell, lease, or otherwise dispose of or create or incur any lien on any business organization's assets or securities, except sales or dispositions of inventory and other assets pursuant to existing contracts or commitments or in the ordinary course consistent with past practice;

adopt a plan of liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

create, incur, assume or otherwise become liable with respect to any indebtedness in excess of \$150,000;

issue debt securities or assume, guarantee, endorse or become responsible for the indebtedness of any other person;



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renew or enter into any contract that restricts or could restrict Intellon or Atheros, after the effective time, from engaging or competing in any line of business; enter into any new line of business outside Intellon's existing business segments; enter into purchase orders other than in the ordinary course of business; enter into any material contract other than sales of products and nonexclusive licenses granted to customers and purchase of product from suppliers in the ordinary course of business and consistent with past practice or otherwise waive or assign any material rights, claims or benefits;

enter into any out-bound exclusive license, distribution, marketing or sales contracts, or otherwise dispose of any intellectual property other than sales of products and other non-exclusive license in the ordinary course of business and consistent with past practices or grant most favored nation or similar pricing to any person;

pay, discharge, settle or satisfy any claims, liabilities or obligations to third parties other than in the ordinary course consistent with past practice or in the performance of contracts in accordance with their terms or liabilities or obligations that have been (A) disclosed in Intellon's most recent financial

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statements or (B) incurred since the date of Intellon's most recent financial statements in the ordinary course of business consistent with past practice or in connection with the transactions contemplated by the Merger Agreement;

settle or propose to settle any claim, lawsuit or proceeding;

abandon any of Intellon's registered intellectual property;

fail to keep in force insurance policies or replacement or revised provisions regarding insurance coverage with respect to the assets, products, operations and activities of Intellon and its subsidiaries substantially equal to those currently in effect;

grant or increase any severance or termination pay to (or amend any existing arrangement with) any director or officer of Intellon or any of its subsidiaries;

increase benefits payable under any existing severance or termination pay policies or employment agreements;

enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any director, officer or employee of Intellon or any of its subsidiaries (other than Intellon's standard employment agreements and form offer letters);

terminate, establish, adopt or amend (except as reasonably necessary to comply with applicable law) any company benefit plan covering any director, officer or employee of Intellon or any of its subsidiaries;

except as provided for by any existing benefit plan, increase compensation, bonus (other than discretionary bonuses up to an aggregate amount of \$50,000) or other benefits payable to any director, officer or employee of Intellon or any of its subsidiaries, or pay any similar benefits;

change any method of financial accounting (except as required by concurrent changes in GAAP);

make or change any tax election, change any tax accounting period, enter into any closing agreement requiring a material amount of taxes, settle any material tax claim or assessment, surrender any right to claim a material tax refund, consent to any extension or waiver as the limitation period applicable to any material tax claim or assessment or file any amended tax return;

terminate the employment of certain individuals, or amend or rescind or otherwise materially alter, the employment arrangements of certain individuals;

take any action that would reasonably be expected to cause any conditions to the Merger to not be satisfied; or

make any representations or issue any communications to current or former employees, independent contractors or directors that are inconsistent with the Merger Agreement.

*Best Efforts Covenant.* Atheros and Intellon have agreed to commercially reasonable efforts to promptly:

take all actions and do all things necessary or advisable under the Merger Agreement and applicable laws to complete the Merger and the other transactions contemplated by the Merger Agreement, including obtaining all necessary regulatory or third-party consents, approvals or waivers for consummation of the Merger and preparing and filing all necessary SEC or other regulatory filings; and

obtain the waiver of each former Intellon officer and director regarding any obligation of Intellon to maintain any standby letter of credit or other third party guarantee in connection with indemnification obligations under any applicable indemnification agreement between such director or officer and Intellon.

*Certain Employee Benefits Matters.* Atheros has agreed, for 12 months following the effective time of the Merger, to provide Intellon employees who continue as employees of Atheros, for so long as they remain so

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employed, employee benefits, substantially similar to those received by similarly situated employees of Atheros and to recognize the service of each continuing employee as if such service had been performed with Atheros with respect to any plans or programs in which they are eligible to participate after the effective time for purposes of eligibility for vacation, any health or welfare plan, 401(k) matching contributions and severance plan of general application. Any continuing employee who (i) is not a party to an employment, consulting, change in control or severance agreement or contract providing severance payments or (ii) has not entered into an employment or consulting agreement with Atheros and whose employment is terminated without cause within 12 months after the effective time and who signs a release, shall receive severance benefits equal to two weeks of such continuing employee's annual base salary, plus one week of such continuing employee's annual base salary for each year of service with Intellon and/or Atheros. Atheros shall assume the obligations, including, without limitation, any severance obligations, under any employment, consulting, change in control or severance agreement or contract providing severance payments between Intellon and any continuing employee.

In addition, Atheros has agreed that, with regard to payments to be made under the Intellon's annual cash incentive plan and any sales and business development incentive plans, or collectively, the ACIP, for the second half plan period of 2009 (including, without limitation, any payments due from the first half plan period of 2009), if the effective time occurs after the date on which payments to participants under the ACIP are scheduled to be made, Intellon shall make all such payments to the participants on the date or dates determined by Intellon in accordance with the applicable provisions of the ACIP. If the effective time of the Merger occurs prior to the date such payments have been made, Atheros shall pay each participant under the ACIP the payments that would be due under the applicable terms of such plan. If any participant in the ACIP is terminated without cause by Atheros, prior to the date such payments are made, then, notwithstanding any provision of the ACIP requiring that the participant remain employed as of an applicable payment date in order to receive payment, Atheros shall pay each such participant terminated without cause, the payment that would otherwise have been paid to such person if such person had remained an employee as of the applicable ACIP Payment Date.

In addition, unless otherwise directed by Atheros at least 15 business days prior to the closing date, Intellon has agreed not to take any action to terminate Intellon benefit plans that are self-funded employee benefit plans within the meaning of the Employee Retirement Income Security Act of 1974, as amended, or that are intended to include a Code Section 401(k) arrangement. If Intellon is required to terminate its 401(k) plan pursuant to the Merger Agreement, Atheros shall cause a retirement plan that is qualified under Section 401(a) of the Code to accept qualifying direct and indirect rollover distributions of the continuing employees' balances under Intellon's 401(k) plan.

Please see *Interests of Intellon Directors and Executive Officers in the Merger*, beginning on page 59 of this proxy statement/prospectus for additional information on employee benefits matters covered in the Merger Agreement as they pertain to the directors and executive officers of Intellon.

*Indemnification and Insurance of Intellon Directors and Officers.* Atheros has agreed that:

for six years after the Merger becomes effective and subject to Intellon's purchase of officers' and directors' liability insurance covering acts or omissions occurring prior to the effective time of the Merger by each person currently covered by Intellon's officers' and directors' liability insurance policy, it will cause the certificate of incorporation and bylaws of the surviving corporation to contain indemnification, exculpation and advancement of expenses provisions at least as favorable as those contained in Intellon's certificate of incorporation and bylaws as of September 8, 2009; and

it will cause the surviving corporation to honor all indemnification agreements with the individuals who on or prior to the effective time of the Merger were directors, officers and employees in effect as of September 8, 2009.

*Other Covenants.* The Merger Agreement contains additional mutual covenants of the parties, including agreements: (a) not to jeopardize the intended tax treatment of the Merger, (b) regarding public announcements concerning the Merger and (c) to take all commercially reasonable action needed to minimize the effect of any

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takeover statute applicable to the Merger. Further, Intellon agrees to duly call and convene a stockholder's meeting to approve the Merger, to provide Atheros access to information about Intellon, to obtain the resignation of its officers and directors effective as of the effective time, to provide notice of certain events, to give Atheros an opportunity to participate in the defense of any stockholder litigation against Intellon relating to the Merger and cause the transactions contemplated by the Merger Agreement to be exempt under Rule 16b-3 of the Exchange Act. Atheros further agrees to use commercially reasonable efforts to list the Atheros shares to be issued in the Merger on NASDAQ Global Select Market at the effective time of the Merger.

## **Representations and Warranties**

Intellon makes various representations and warranties to Atheros and Merger Sub 1 and Merger Sub 2 in the Merger Agreement. The most significant of these relate to:

organization and good standing;

corporate authorization to enter into the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement;

the stockholder vote and governmental approvals required in connection with the contemplated transactions;

absence of any conflict with or breach of organizational documents, law or certain material agreements as a result of the contemplated transactions;

capitalization and indebtedness;

ownership of subsidiaries;

filings with the SEC and compliance with NASDAQ Stock Market and Sarbanes-Oxley corporate governance regulations;

accuracy and completeness of financial statements;

absence of undisclosed material liabilities;

absence of affiliate transactions;

accuracy of information provided for inclusion in this proxy statement/prospectus;

absence of material changes since December 31, 2008 and absence of a material adverse effect since January 30, 2009;

compliance with export control laws;

compliance with laws, including the Foreign Corrupt Practices Act of 1977, as amended;

litigation;

material contracts and customer, supplier and distributor status;

tax matters;

employee benefits matters;

intellectual property;

environmental matters;

insurance;

title to and sufficiency of assets and property;

brokers fees;

financial advisor;

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inapplicability of the Delaware anti-takeover statute; and

no additional representations;

In addition, Atheros makes representations and warranties to Intellon relating to:

organization and qualification;

corporate authorization to enter into the Merger Agreement and to consummate the transactions contemplated by the Merger Agreement;

governmental approvals required in connection with the contemplated transactions;

absence of any conflict with breach of organizational documents, law or certain material agreements as a result of the contemplated transactions;

capitalization;

filings with the SEC;

financial statements;

absence of undisclosed liabilities;

accuracy of information provided for inclusion in this proxy statement/prospectus;

litigation;

Merger Sub 1 and Merger Sub 2;

brokers;

capital resources;

no vote required by Atheros stockholders;

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absence of ownership of Intellon stock by Atheros, Merger Sub 1 and Merger Sub 2; and

absence of material changes since June 30, 2009.

The representations and warranties in the Merger Agreement do not survive the closing or termination of the Merger Agreement.

### **Conditions to the Completion of the Merger**

The obligations of Atheros and Intellon to complete the Merger are subject to the satisfaction or, to the extent legally permissible, waiver of the following conditions:

approval and adoption by the Intellon stockholders of the Merger Agreement and the Merger;

absence of any legal prohibition on completion of the Merger;

Atheros' registration statement on Form S-4, which includes this proxy statement/prospectus, being effective and not subject to any stop order by the SEC;

expiration or termination of the HSR Act waiting period;

approval for the listing on the NASDAQ Global Select Market of the shares of Atheros common stock to be issued in the Merger;

timely filing of SEC reports by Intellon;

execution of the license agreement by Intellon;

receipt by each party of an officer's certificate from the other party;



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if necessary, receipt by Atheros of a FIRPTA affidavit from Intellon;

performance in all material respects by the other party of the obligations required to be performed by it at or prior to closing;

accuracy as of closing of the representations and warranties made by the other party to the extent specified in the Merger Agreement;  
and

unless such condition is waived by Intellon, receipt by Intellon of an opinion of tax counsel to the effect that the Merger will qualify as a reorganization under Section 368(a) the Code.

For purposes of the Merger Agreement, material adverse effect means, with respect to either Atheros or Intellon, as applicable, any event, change or occurrence which, individually or together with any one or more other events, changes or occurrences, (A) has had or is reasonably likely to have, a material adverse effect upon the business, assets, liabilities, the condition (financial or otherwise) or operating results of the respective company and its respective subsidiaries taken as a whole or (B) would prevent Atheros or Intellon from consummating or materially delay, or is reasonably likely to prevent or materially delay, the Merger, or any of the other transactions contemplated by the Merger Agreement. However, none of the following shall constitute a material adverse effect or be considered in determining whether a material adverse effect has occurred or is likely or expected to occur:

any changes in general economic business or political conditions except to the extent any changes disproportionately affect Atheros or Intellon and their respective subsidiaries, taken as a whole;

any changes in condition generally affecting the industry in which Atheros or Intellon and their respective subsidiaries operate in general except to the extent any changes disproportionately affect Atheros or Intellon and their respective subsidiaries, taken as a whole;

any changes in the trading price or trading volume of Atheros or Intellon's common stock or any failure of Atheros or Intellon to meet analysts' published or internal projections or forecasts or estimates or revenues or earnings in and of itself (as distinguished from any change, event or occurrence giving rise or contributing to such change);

changes in GAAP or applicable laws;

changes resulting from the compliance by Atheros or Intellon with its obligations under this Agreement;

any changes resulting from the announcement of the Merger solely to the extent related to the fact that (a) with respect to Intellon, Atheros and the Merger subsidiaries are the purchasers or (b) with respect to Atheros, that Intellon is the target company;

actions or omissions of Atheros or Intellon taken with the prior written consent of the other; and

any changes resulting from the outbreak or escalation of hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack.

**Termination of the Merger Agreement**

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*Right to Terminate.* The Merger Agreement may be terminated at any time prior to the closing in any of the following ways:

by mutual written consent of Atheros and Intellon;

by either Atheros or Intellon if:

the Merger has not been completed by February 26, 2010 provided, however, that in the event that as of February 26, 2010 all conditions to closing have been satisfied or waived other than the antitrust approval, the termination date shall be extended to May 31, 2010; provided further, that in the event

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that as of May 31, 2010 the antitrust approval has not been obtained and neither Atheros nor Intellon has provided written notice to the other of termination of the Merger Agreement within five business days prior to May 31, 2010, the termination date will be automatically extended to August 31, 2010 (such date, including any such permitted extensions, is referred to in this proxy statement/prospectus as the "outside date") (but neither Atheros nor Intellon can terminate the Merger Agreement for this reason if its failure to fulfill in any material respect its obligations under the Merger Agreement has resulted in the failure to complete the Merger);

the approval of Intellon stockholders has not been obtained by reason of the failure to obtain the required vote at the Intellon special meeting of stockholders or at any adjournment of that special meeting;

there is a permanent legal prohibition to closing the Merger; or

the other party has breached any of its representations, warranties, covenants or obligations under the Merger Agreement, and that breach would result in the failure to satisfy certain specified closing conditions and is incapable of being cured, or, if capable of being cured, has not been cured prior to the earlier of the outside date and 30 business days after the party alleged to have breached receives written notice of the breach.

by Atheros if: (a) an adverse recommendation change has occurred; (b) Intellon fails to include its board recommendation that its stockholders approve the Merger Agreement and the Merger in the proxy statement/prospectus, (c) the Intellon board of directors approves, recommends or adopts, or publicly proposes to approve, recommend or adopt, an alternative acquisition proposal or recommends that its stockholders tender their shares in any tender or exchange constituting an alternative acquisition proposal, (d) Intellon fails to hold the Intellon stockholder meeting within 30 days of the proxy statement/prospectus being declared effective by the SEC (provided that if an amendment to the proxy statement prospectus is required, the date shall be extended to 30 days from the date such amendment is declared effective by the SEC) or (e) Intellon has materially breached its obligations described above under "No Solicitation" and failed to cease all actions and activities constituting such breach within 24 hours of receipt of written notice from Atheros of such breach; or

by Intellon if, prior to obtaining stockholder approval, the Intellon board of directors receives a superior proposal and believes after consultation with outside counsel that the failure to accept such proposal would be a breach of its fiduciary duties under applicable law, Intellon has complied with its obligations under the Merger Agreement with respect to the non-solicitation of other acquisition proposals and Intellon agrees to pay the termination fee.

If the Merger Agreement is validly terminated, the agreement will become void without any liability on the part of any party unless the liability arises out of the party's willful breach. However, certain provisions of the Merger Agreement including those relating to expenses, the termination fees and the confidentiality agreement, will continue in effect notwithstanding termination of the Merger Agreement.

*Termination Fees Payable by Intellon.* Intellon has agreed to pay Atheros \$8.5 million in cash if:

Atheros terminates the Merger Agreement because (a) an adverse recommendation change has occurred, (b) Intellon fails to include its board recommendation that its stockholders approve the Merger Agreement and the Merger in the proxy statement/prospectus, (c) the Intellon board of directors approves, recommends or adopts, or publicly proposes to approve, recommend or adopt, an alternative acquisition proposal or recommends that its stockholders tender their shares in any tender or exchange constituting an alternative acquisition proposal, (d) Intellon fails to hold the special meeting within 30 days of the proxy statement/prospectus being declared effective by the SEC (provided that if an amendment to the proxy statement prospectus is required, the date shall be extended to 30 days from the date such amendment is declared effective by the SEC) or (e) Intellon has materially breached its

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obligations under the Merger Agreement with respect to non-solicitation of other acquisition proposals as described above and failed to cease all actions and activities constituting such breach within 24 hours of written notice from Atheros of such breach;

Intellon terminates the Merger Agreement because, prior to obtaining stockholder approval, the Intellon board of directors receives a superior offer proposal and believes after consultation with outside counsel that the failure to accept such proposal would be a breach of its fiduciary duties under applicable law, Intellon has complied with its obligations under the Merger Agreement with respect to the non-solicitation of other acquisition proposals and Intellon agrees to pay the termination fee; or

Intellon terminates the Merger Agreement because Intellon's stockholders fail to approve the Merger and, prior to such termination any third party publicly makes proposes, or discloses an intent to make an alternative acquisition proposal, which proposal was not withdrawn prior to such termination and Intellon enters into a definitive agreement providing for such alternative acquisition proposal within 12 months after the termination of the Merger Agreement and such alternative acquisition is consummated. For purposes of a termination fee on these grounds, all references in the definition of alternative acquisition proposal with respect to the percentage of assets or securities of Intellon to be acquired, will be 50% instead of 20%.

**Expenses**

Except as described above, all costs and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement will be paid by the party incurring such costs or expenses.

**Amendments; Waivers**

Any provision of the Merger Agreement may be amended or waived prior to closing if the amendment or waiver is in writing and signed, in the case of an amendment, by Atheros, Intellon and Merger Sub 1 or Merger Sub 2 or, in the case of a waiver, by the party against whom the waiver is to be effective. After the approval and adoption of the Merger Agreement and approval of the Merger by the stockholders of Intellon, no amendment or waiver that requires further stockholder approval under applicable law or in accordance with rules of any relevant stock exchange, may be made without the further approval of Intellon's stockholders.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF ATHEROS**

The following table sets forth certain consolidated financial data of Atheros. The selected consolidated statements of operations data for the years ended December 31, 2008, 2007 and 2006 and the selected consolidated balance sheet data as of December 31, 2008 and 2007 were derived from the audited consolidated financial statements included in Atheros Annual Report on Form 10-K for the year ended December 31, 2008 which is incorporated by reference into this proxy statement/prospectus. The selected consolidated statements of operations data for the years ended December 31, 2005 and 2004 and the selected consolidated balance sheet data as of December 31, 2006, 2005 and 2004 are derived from Atheros audited consolidated financial statements, which are not incorporated by reference into this proxy statement/prospectus. The consolidated financial information as of and for the six month periods ended June 30, 2009 and 2008 is derived from Atheros unaudited consolidated financial statements included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which is incorporated by reference into this proxy statement/prospectus. You should read these financials together with Atheros Management Discussion and Analysis of Financial Condition and Results of Operations and Atheros historical consolidated financial statements and notes thereto. The historical results are not necessarily indicative of results to be expected in the future. See Additional Information for Stockholders beginning on page 115 of this proxy statement/prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>(in thousands, except per share data)</b>							
<b>Consolidated Statements of Operations Data:</b>							
Net revenue	\$ 200,149	\$ 236,036	\$ 472,396	\$ 416,960	\$ 301,691	\$ 183,485	\$ 169,607
Cost of good sold(1)	105,025	116,519	236,431	209,579	157,918	102,483	91,574
Gross profit	95,124	119,517	235,965	207,381	143,773	81,002	78,033
<b>Operating expenses:</b>							
Research and development(1)	59,525	60,001	121,565	100,936	71,084	47,788	42,704
Sales and marketing(1)	27,721	24,442	51,154	38,010	27,189	17,358	15,825
General and administrative(1)	12,802	12,303	25,109	21,189	15,315	10,306	9,828
Amortization of acquired intangible assets(2)	5,770	6,419	12,231	7,402	1,484		
Acquired in-process research and development(3)				4,897	10,836		
Total operating expenses	105,818	103,165	210,059	172,434	125,908	75,452	68,357
Income (loss) from operations	(10,694)	16,352	25,906	34,947	17,865	5,550	9,676
Interest income, net	3,234	4,364	8,878	11,516	8,659	4,854	2,089
Impairment of long-term investments(4)	(1,137)	(6,457)	(15,490)	(2,277)			
Income (loss) before income taxes	(8,597)	14,259	19,294	44,186	26,524	10,404	11,765
Income tax (provision) benefit(5)	795	(717)	(422)	(4,206)	(7,846)	6,284	(941)
Net income (loss)	\$ (7,802)	\$ 13,542	\$ 18,872	\$ 39,980	\$ 18,678	\$ 16,688	\$ 10,824
Basic net income (loss) per share	\$ (0.13)	\$ 0.23	\$ 0.32	\$ 0.71	\$ 0.36	\$ 0.34	\$ 0.25
Diluted net income (loss) per share	\$ (0.13)	\$ 0.22	\$ 0.30	\$ 0.67	\$ 0.34	\$ 0.31	\$ 0.21
Shares used in computing basic net income (loss) per share	61,173	59,258	59,804	55,917	51,760	48,777	42,886
Shares used in computing diluted net income (loss) per share	61,173	61,780	62,070	59,330	55,494	53,572	51,981
<b>Consolidated Balance Sheet Data:</b>							
Cash, cash equivalents and short-term marketable securities	\$ 340,624	\$ 252,574	\$ 293,758	\$ 219,544	\$ 185,906	\$ 173,645	\$ 154,485
Working capital	369,703	300,917	341,844	252,283	204,465	190,399	170,039
Long-term investments	17,255	26,066	16,963	30,453			
Total assets	603,676	574,413	615,708	522,137	364,058	239,179	206,363
Total stockholders' equity	491,688	441,852	471,478	401,457	280,942	196,966	173,040



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- (1) Prior to 2006, Atheros elected to follow the intrinsic value-based method prescribed by Accounting Principles Board Opinion 25, *Accounting for Stock Issued to Employees*, or APB 25, and related interpretations in accounting for employee stock options rather than adopting the alternative fair value accounting provided under Statement of Financial Accounting Standards, or SFAS, No. 123, *Accounting for Stock Based Compensation*. Therefore, Atheros did not record any compensation expense for stock options it granted to its employees where the exercise price equaled the fair market value of the stock on the date of the grant and the exercise prices, number of shares eligible for issuance under the options and vesting period were fixed. During 2006, Atheros adopted the fair value recognition provisions of SFAS No. 123 (revised 2004), *Share-Based Payment*, or SFAS 123R, using the modified prospective application method. The Financial Accounting Standards Board, or FASB, introduced the Accounting Standards Codification, or ASC, in July 2009, and therefore the literature previously included in SFAS 123R is currently included in ASC 718 (Topic 718 *Stock Compensation*).
- (2) During 2006, Atheros recorded \$1.5 million of intangible amortization related to the intangible assets purchased in the acquisitions of ZyDAS Technology Corporation and Attansic Technology Corporation. During 2008 and 2007, Atheros recorded \$12.2 million and \$7.4 million of intangible amortization, respectively, related to the intangible assets purchased in the acquisitions of ZyDAS, Attansic and u-Nav Microelectronics Corporation. During the first six months of 2009 and 2008, Atheros recorded \$5.8 million and \$6.4 million, respectively, of intangible amortization related to the intangible assets purchased in the acquisitions of ZyDAS, Attansic and u-Nav. Atheros amortizes acquisition-related identified intangible assets on a straight-line basis over their estimated economic lives.
- (3) During 2006, Atheros recorded \$10.8 million of in-process research and development expenses upon the acquisitions of ZyDAS and the initial 87.7% acquisition of Attansic's common stock. During 2007, Atheros recorded \$4.9 million of in-process research and development related to the acquisitions of the remaining 12.3% of Attansic and u-Nav. These charges were recorded as Atheros determined that the underlying projects had not reached technological feasibility and no alternative future uses existed.
- (4) During 2008 and 2007, Atheros recorded impairment charges of \$15.5 million and \$2.3 million, respectively, to reduce the carrying value of certain auction-rate securities it holds, with a par value of \$32.7 million. During the first six months of 2009 and 2008, Atheros recorded impairment charges of \$1.1 million and \$6.5 million, respectively, to reduce the carrying value of certain auction-rate securities it holds. Atheros determined that these impairment charges are other-than-temporary in nature. See the discussion in *Liquidity and Capital Resources* in Part II, Item 7, *Quantitative and Qualitative Disclosures About Market Risk* in Part II, Item 7A, as well as Note 6 to the Consolidated Financial Statements in Item 8 of Atheros' Annual Report on Form 10-K for the years ended December 31, 2008, which is incorporated by reference into this proxy statement/prospectus, for more detailed information on its investments in auction-rate securities and this impairment charge.
- (5) During 2007, 2006 and 2005, Atheros recorded an income tax benefit of \$3.0 million, \$1.9 million and \$7.5 million, respectively, related to the release of a portion of the valuation allowance previously recorded against its deferred tax assets. In 2008, Atheros recorded a tax benefit of \$1.1 million from a change in a state tax filing position.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF INTELLON**

The following table sets forth certain consolidated financial data of Intellon. The selected consolidated statements of operations data for the years ended December 31, 2008, 2007, and 2006 and selected consolidated balance sheet data as of December 31, 2008 and 2007 were derived from the audited consolidated financial statements included in Intellon's Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference into this proxy statement/prospectus. The selected statements of operations data set forth below for each of the years ended December 31, 2005 and 2004, and the selected consolidated balance sheet data as of December 31, 2006, 2005 and 2004 are derived from Intellon's audited consolidated financial statements which are not incorporated by reference into this proxy statement/prospectus. Intellon's consolidated financial statement data as of and for the six months ended June 30, 2009 and 2008 are derived from Intellon's unaudited consolidated financial statements, included in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which is incorporated by reference into this proxy statement/prospectus. You should read these financials together with Intellon's Management's Discussion and Analysis of Financial Condition and Results of Operations and Intellon's historical consolidated financial statements and notes thereto. The historical results are not necessarily indicative of results to be expected in the future. See Additional Information for Stockholders beginning on page 115 of this proxy statement/prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
(in thousands, except per share data)							
<b>Consolidated Statements of Operations Data:</b>							
Revenue	\$ 32,983	\$ 34,442	\$ 75,378	\$ 52,313	\$ 33,718	\$ 16,576	\$ 12,501
Cost of revenue	16,268	19,280	43,181	29,151	18,968	9,494	7,465
Gross profit	16,715	15,162	32,197	23,162	14,750	7,082	5,036
Cost of operations:							
Research and development	7,588	8,379	15,946	17,238	10,856	12,019	11,043
Sales and marketing	4,569	4,274	8,138	9,007	7,199	5,274	4,034
General and administrative	4,331	4,271	8,239	5,229	5,089	2,756	2,206
Operating income (loss)	227	(1,762)	(126)	(8,312)	(8,394)	(12,967)	(12,247)
Other income (expense):							
Interest income	93	695	1,172	958	637	524	152
Interest expense				(181)	(61)	(61)	
Other	(48)	(63)	(126)	(11)	21	(12)	15
Total other income	45	632	1,046	766	597	451	167
Income (loss) before income tax benefit (expense)	272	(1,130)	920	(7,546)	(7,797)	(12,516)	(12,080)
Income tax benefit (expense)	60	(57)	1	231			
Net income (loss)	332	(1,187)	921	(7,315)	(7,797)	(12,516)	(12,080)
Preferred stock dividends/accretion of redeemable preferred stock				(6,759)	(5,307)	(4,970)	(9,461)
Net income (loss) attributable to common shareholders	\$ 332	\$ (1,187)	\$ 921	\$ (14,074)	\$ (13,104)	\$ (17,486)	\$ 21,541
Net income (loss) attributable to common shareholders per common share:							
Basic	\$ 0.01	\$ (0.04)	\$ 0.03	\$ (4.25)	\$ (9.19)	\$ (19.41)	\$ (36.47)
Diluted	\$ 0.01	\$ (0.04)	\$ 0.03	\$ (4.25)	\$ (9.19)	\$ (19.41)	\$ (36.47)



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Weighted-average number of shares used in per share calculations:							
Basic	31,071	30,761	30,865	3,311	1,428	901	592
Diluted	31,256	30,761	31,152	3,311	1,428	901	592

**Consolidated Balance Sheet Data:**

Cash, cash equivalents and short-term investments	\$ 62,109	\$ 58,959	\$ 55,605	\$ 52,074	\$ 24,978	\$ 16,981	\$ 5,288
Total working capital	68,599	64,931	67,468	60,523	27,469	18,106	7,000
Total assets	83,832	80,017	81,221	73,421	38,519	26,505	12,872
Total redeemable convertible preferred stock					85,333	63,040	48,296
Shareholders' equity (deficit)	73,632	69,179	72,212	64,007	(54,498)	(42,107)	(38,786)

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**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined financial statements are based on the separate historical financial statements of Atheros and Intellon after giving effect to the Merger, and the assumptions, reclassifications and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined balance sheet as of June 30, 2009 is presented as if the Merger with Intellon had occurred on June 30, 2009. The unaudited pro forma condensed combined statements of operations for the six months ended June 30, 2009, and year ended December 31, 2008, are presented as if the Intellon Merger had occurred on January 1, 2008 with recurring merger-related adjustments reflected in each of the periods.

The transaction will be accounted for under the acquisition method of accounting in accordance with Accounting Standards Codification, or ASC, Topic 805, *Business Combinations*, or ASC 805. In merger transactions in which the consideration given is not in the form of cash (that is, in the form of non-cash assets, liabilities incurred, or equity interests issued), measurement of the acquisition consideration is based on the fair value of the consideration given or the fair value of the asset (or net assets) acquired, whichever is more clearly evident and, thus, more reliably measurable.

Under ASC 805, all the assets acquired and liabilities assumed in a business combination are recognized at their acquisition-date fair value, while transaction costs and restructuring costs associated with the business combination are expensed as incurred. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill. Where the fair value of the consideration transferred for an acquirer's interest is less than its fair value, or a bargain purchase, the accounting acquirer records a gain at the transaction date. Acquired in-process research and development is recorded at fair value as an indefinite-lived intangible asset at the acquisition date until the completion or abandonment of the associated research and development efforts. Upon completion of development, acquired in-process research and development assets are generally considered amortizable, finite-lived assets. Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally affect income tax expense. Subsequent to the Merger, Atheros and Intellon will finalize an integration plan, which may affect how the assets acquired, including intangibles, will be utilized by the combined company. For those assets in the combined company that will be phased out or will no longer be used, additional amortization, depreciation and possibly impairment charges will be recorded after management completes the integration plan.

For purposes of these unaudited pro forma condensed combined financial statements, Atheros and Intellon have made preliminary allocations of the preliminary estimated acquisition consideration based on a mixed election of a combination of approximately 0.135 per share of Atheros common stock and \$3.60 in cash for each share of Intellon common stock exchanged. The preliminary estimated acquisition consideration has been allocated to the tangible and intangible assets to be acquired and liabilities to be assumed based on preliminary estimates of their fair value as of September 8, 2009 as described in the accompanying notes. This preliminary allocation of preliminary estimated acquisition consideration is based on available public information and is dependent upon certain estimates, assumptions, valuations and other studies which have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the estimated acquisition consideration allocation and related pro forma adjustments are preliminary and have been made solely for the purpose of developing such pro forma combined condensed financial statements. In connection with the plan to integrate the operations of Atheros and Intellon, Atheros anticipates that non-recurring charges, such as costs associated with systems implementation, relocation expenses, severance, compensation charges under change of control agreements with certain employees and other costs related to exit or disposal activities, will be incurred. Atheros is not able to determine the timing, nature and amount of these charges as of the date of this proxy statement/prospectus. However, these charges could affect the combined results of operations of Atheros and Intellon, as well as those of the combined company following the merger, in the period in which they are recorded. The unaudited pro forma condensed combined financial statements do not include the effects of the costs associated with any restructuring or integration activities resulting from the transaction, as they are

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non-recurring in nature and not factually supportable at the time that the unaudited pro forma condensed combined financial statements were prepared. Additionally, these adjustments do not give effect to any synergies that may be realized as a result of the Merger, nor do they give effect to any nonrecurring or unusual restructuring charges that may be incurred as a result of the integration of the two companies.

A final determination of the acquisition consideration and fair values of Intellon's assets and liabilities, which cannot be made prior to the completion of the transaction, will be based on the actual net tangible and intangible assets of Intellon that exist as of the date of completion of the transaction. Consequently, amounts preliminarily allocated to goodwill and identifiable intangibles could change significantly from those used in the pro forma combined condensed financial statements presented below and could result in a material change in amortization of acquired intangible assets.

The actual amounts recorded as of the completion of the Merger may differ materially from the information presented in these unaudited pro forma condensed combined financial statements as a result of:

the ultimate determination of the mix of stock and cash consideration;

changes in Atheros' share price for its common stock;

net cash used or generated in Intellon's operations between signing of the Merger Agreement and completion of the Merger;

the timing of the completion of the Merger;

other changes in Intellon's net assets that occur prior to completion of the Merger, which could cause material differences in the information presented below; and

changes in the financial results of the combined company, which could change the future discounted cash flow projections.

The unaudited pro forma condensed combined financial statements are provided for informational purposes only. The unaudited pro forma condensed combined financial statements are not necessarily and should not be assumed to be an indication of the results that would have been achieved had the transaction been completed as of the dates indicated or that may be achieved in the future. Furthermore, the preparation of the unaudited pro forma condensed combined financial statements and related adjustments required management to make certain assumptions and estimates, and no effect has been given in the unaudited pro forma condensed combined statements of income for synergistic benefits and potential cost savings, if any, that may be realized through the combination of the two companies or the costs that may be incurred in integrating their operations. The unaudited pro forma condensed combined financial statements should be read together with the accompanying notes to the unaudited pro forma condensed combined financial statements, the historical consolidated financial statements of Atheros and accompanying notes included in the Atheros Annual Report on Form 10-K for the year ended December 31, 2008 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, the historical consolidated financial statements of Intellon and accompanying notes included in the Intellon Annual Report on Form 10-K for the year ended December 31, 2008 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, all of which are incorporated by reference into this proxy statement/prospectus, and other information pertaining to Atheros and Intellon contained in this proxy statement/prospectus. See "Selected Historical Consolidated Financial Data of Atheros," "Selected Historical Consolidated Financial Data of Intellon" and "Additional Information for Stockholders" beginning on page 83, 85 and 115, respectively, in this proxy statement/prospectus.

Certain reclassifications have been made to conform Intellon's historical financial statements to Atheros' historical financial statement presentation.

**Table of Contents****Unaudited Pro Forma Condensed Combined Balance Sheet**

at June 30, 2009

(in thousands)

	Historical		Pro Forma Adjustments (Note 3)		Pro Forma Combined
	Atheros	Intellon			
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 103,005	\$ 37,104	\$ (112,838)	(A)	\$ 27,271
Short-term marketable securities	237,619	25,005			262,624
Accounts receivables, net	46,752	9,482			56,234
Inventory	35,362	5,709	3,281	(C)	44,352
Prepaid expenses, deferred income taxes and other current assets	15,967	1,499	(892)	(L)	16,574
Total current assets	438,705	78,799	(110,449)		407,055
Property and equipment, net	12,031	2,362			14,393
Long-term investments	17,255				17,255
Goodwill	101,687		87,809	(D)	189,496
Acquired intangible assets, net	17,535		116,002	(E)	133,537
Intangible assets, net		2,571	(2,571)	(F)	
Deferred income taxes and other assets	16,463	100			16,563
Total assets	\$ 603,676	\$ 83,832	\$ 90,791		\$ 778,299
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 16,907	\$ 7,693	\$		\$ 24,600
Accrued and other current liabilities	52,095	2,507	902	(G)	64,383
			8,879	(H)	
Total current liabilities	69,002	10,200	9,781		88,983
Deferred income taxes and other long-term liabilities	42,986		43,501	(L)	86,487
Commitments and contingencies					
Stockholders' equity:					
Common stock of Atheros	477,602		120,020	(B)	597,622
Common stock of Intellon		208,981	(208,981)	(I)	
Accumulated and other comprehensive income	1,778				1,778
Retained earnings (accumulated deficit)	12,308	(135,349)	135,349	(I)	3,429
			(8,879)	(H)	
Total stockholders' equity	491,688	73,632	37,509		602,829
Total liabilities and stockholders' equity	\$ 603,676	\$ 83,832	\$ 90,791		\$ 778,299

See accompanying notes to unaudited pro forma condensed combined financial statements.



**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Operations**

for the Year Ended December 31, 2008

(in thousands, except per share data)

	Historical		Pro Forma Adjustments (Note 3)		Pro Forma Combined
	Atheros	Intellon			
Net revenue	\$ 472,396	\$ 75,378	\$		\$ 547,774
Cost of goods sold	236,431	43,181			279,612
Gross profit	235,965	32,197			268,162
Operating expenses:					
Research and development	121,565	15,946	(65)	(F)	137,446
Sales and marketing	51,154	8,138			59,292
General and administrative	25,109	8,239			33,348
Amortization of acquired intangible assets	12,231		23,906	(K)	36,137
Total operating expenses	210,059	32,323	23,841		266,223
Income (loss) from operations	25,906	(126)	(23,841)		1,939
Interest income, net	8,878	1,046	(3,566)	(J)	6,358
Impairment of long-term investments	(15,490)				(15,490)
Income (loss) before income taxes	19,294	920	(27,407)		(7,193)
Income tax (provision) benefit	(422)	1	10,278	(L)	9,857
Net income (loss)	\$ 18,872	\$ 921	\$ (17,129)		\$ 2,664
Basic net income per share	\$ 0.32	\$ 0.03			\$ 0.04
Diluted net income per share	\$ 0.30	\$ 0.03			\$ 0.04
Shares used in computing basic net income per share	59,804	30,865	(30,865)	(M)	64,035
			4,231	(M)	
Shares used in computing diluted net income per share	62,070	31,152	(31,152)	(M)	66,677
			4,607	(M)	

See accompanying notes to unaudited pro forma condensed combined financial statements.

**Table of Contents****Unaudited Pro Forma Condensed Combined Statement of Operations****for the Six Months ended June 30, 2009****(in thousands, except per share data)**

	Historical		Pro Forma Adjustments (Note 3)		Pro Forma Combined
	Atheros	Intellon			
Net revenue	\$ 200,149	\$ 32,983	\$		\$ 233,132
Cost of goods sold	105,025	16,268			121,293
Gross profit	95,124	16,715			111,839
Operating expenses:					
Research and development	59,525	7,588	(37)	(F)	67,076
Sales and marketing	27,721	4,569			32,290
General and administrative	12,802	4,331			17,133
Amortization of acquired intangible assets	5,770		11,953	(K)	17,723
Total operating expenses	105,818	16,488	11,916		134,222
Income (loss) from operations	(10,694)	227	(11,916)		(22,383)
Interest income (expense), net	3,234	45	(1,134)	(J)	2,145
Impairment of long-term investments	(1,137)				(1,137)
Income (loss) before income taxes	(8,597)	272	(13,050)		(21,375)
Income tax benefit	795	60	4,893	(L)	5,748
Net income (loss)	\$ (7,802)	\$ 332	\$ (8,157)		\$ (15,627)
Basic net income (loss) per share	\$ (0.13)	\$ 0.01			\$ (0.24)
Diluted net income (loss) per share	\$ (0.13)	\$ 0.01			\$ (0.24)
Shares used in computing basic net income (loss) per share	61,173	31,071	(31,071)	(M)	65,404
			4,231	(M)	
Shares used in computing diluted net income (loss) per share	61,173	31,256	(31,256)	(M)	65,404
			4,231	(M)	

See accompanying notes to unaudited pro forma condensed combined financial statements.

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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**1. Basis of Pro Forma Presentation**

The unaudited pro forma condensed combined balance sheet as of June 30, 2009 and the unaudited pro forma condensed combined statements of income for the six months ended June 30, 2009 and the year ended December 31, 2008 are based on the historical financial statements of Atheros and Intellon after giving effect to the Merger and the assumptions and adjustments described in the accompanying notes. It does not reflect cost savings, operating synergies or revenue enhancements expected to result from the Merger or the costs to achieve these cost savings, operating synergies or revenue enhancements.

The pro forma information is presented solely for informational purposes and is not necessarily indicative of the combined results of operations or financial position that might have been achieved for the periods or dates indicated, nor is it necessarily indicative of the future results of the combined company.

**2. Preliminary Estimated Acquisition Consideration**

On September 8, 2009, Atheros and Intellon entered into the Merger Agreement pursuant to which Atheros has agreed to acquire all of the outstanding shares of Intellon. Each Intellon stockholder can elect to receive for each Intellon share (1) a combination of approximately 0.135 shares of Atheros common stock and \$3.60 in cash; or (2) up to 0.267 shares of Atheros common stock with any portion not paid in stock paid in cash; or (3) up to \$7.30 in cash with any portion not paid in cash paid in stock. Intellon stockholders may elect to receive one of these three categories of consideration. The preliminary estimated acquisition consideration used in preparing the condensed combined financial statements was based on the closing price of Atheros common stock on September 28, 2009 of \$27.42 and assumed each common share of Intellon is exchanged for 0.135 shares of Atheros common stock and \$3.60 in cash. However, these elections are subject to proration based on Intellon's capitalization at the Closing and also to preserve an overall mix such that the Atheros common stock issued in the Merger will constitute between 45% and 55% of the total consideration. Outstanding Intellon options and restricted stock units, or RSUs, will be assumed by Atheros and converted to options and restricted stock units, respectively, denominated in Atheros common stock as described in the Merger Agreement. The final acquisition consideration will be determined as of the Closing and will be based on the closing price of Atheros common stock at the date of the Closing.

Under the acquisition method of accounting, the total acquisition consideration is allocated to the acquired tangible and intangible assets and assumed liabilities of Intellon based on their estimated fair values as of the Closing. The excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed, if any, is allocated to goodwill.

The allocation of the estimated acquisition consideration is preliminary because the proposed Merger has not yet been completed. The preliminary allocation is based on estimates, assumptions, valuations and other studies which have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the acquisition consideration allocation pro forma adjustments will remain preliminary until Atheros management determines the final acquisition consideration and the fair values of assets acquired and liabilities assumed. The final determination of the acquisition consideration allocation is anticipated to be completed as soon as practicable after completion of the Merger and will be based on the value of the Atheros share price at the close of the Merger and the actual ratio of actual cash consideration to Atheros stock issued as elected by the Intellon stockholders. The final amounts allocated to assets acquired and liabilities assumed could differ significantly from the amounts presented in the unaudited pro forma condensed combined financial statements.



**Table of Contents****NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS****(Continued)**

Based on Intellon's estimated shares of common stock and equity awards outstanding as of September 4, 2009, and assuming that all equity awards remain outstanding as of the Closing, the preliminary estimated acquisition consideration is as follows (in thousands):

<b>Preliminary Estimated Acquisition Consideration</b>	
31,344 shares of Intellon exchanged for:	
4,231 shares of Atheros common stock	\$ 116,026
Cash	112,838
<b>Employee stock compensation plans:</b>	
737 Intellon stock options exchanged for 196 Atheros stock options	2,440
213 Intellon RSUs exchanged for 57 Atheros RSUs	1,554
<b>Total Preliminary Estimated Acquisition Consideration</b>	<b>\$ 232,858</b>

The exact ratio of common stock and cash to be paid in the Merger between Atheros and Intellon cannot be calculated prior to the Closing, but for purposes of the unaudited pro forma condensed combined financial statements Atheros assumed a mixed election of 0.135 shares of Atheros common stock and \$3.60 in cash per share of Intellon common stock exchanged. Based on Atheros' preliminary estimates used for purposes of the unaudited pro forma condensed combined financial statements, Atheros will issue approximately 4.2 million shares of Atheros common stock and pay approximately \$112.8 million in cash to Intellon stockholders.

Under the acquisition method of accounting, the total preliminary estimated acquisition consideration as shown in the table above is allocated to Intellon's tangible and intangible assets and liabilities based on their preliminary estimated fair values as follows: (in thousands):

<b>Preliminary Estimated Acquisition Consideration Allocation</b>	
Net tangible assets acquired	\$ 73,440
Deferred tax liabilities	(44,393)
<b>Amortizable intangible assets:</b>	
Developed technology	97,162
Customer relationships	13,422
Backlog	1,059
In-process research and development	4,359
Goodwill	87,809
<b>Total Preliminary Estimated Acquisition Consideration Allocation</b>	<b>\$ 232,858</b>

Approximately \$111.6 million has been preliminarily allocated to amortizable intangible assets acquired. The amortization related to the preliminary fair value of net amortizable intangible assets is reflected as a pro forma adjustment to the unaudited condensed combined pro forma financial statements.

*Identifiable intangible assets.* The preliminary fair values of intangible assets were determined based on the provisions of ASC 805, which defines fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market at the measurement date. Intangible assets were identified that met either the separability criterion or the contractual-legal criterion described in ASC 805. Intangible assets include developed technology, in-process research and development, customer relationships and backlog. Preliminary fair values for developed technology, in-process research and development, customer relationships and backlog were determined based on



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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**(Continued)**

the income approach and multi-period excess earnings method. Intangibles (i.e., developed technology and customer relationships) are amortized on a straight-line basis over useful lives ranging from 3 to 5 years.

Acquired in-process research and development is recorded at fair value as an indefinite-lived intangible asset at the acquisition date until the completion or abandonment of the associated research and development efforts. Upon completion of development, acquired in-process research and development assets are generally considered amortizable, finite-lived assets.

*Goodwill.* Goodwill represents the excess of the preliminary estimated acquisition consideration over the preliminary fair value of the underlying net tangible and intangible assets. In accordance with ASC Topic 350, *Intangibles-Goodwill and Other*, goodwill will not be amortized, but instead will be tested for impairment at least annually and whenever events or circumstances have occurred that may indicate a possible impairment. In the event management determines that the value of goodwill has become impaired, the combined company will incur an accounting charge for the amount of the impairment during the period in which the determination is made.

*Deferred tax liabilities.* The deferred tax liabilities are primarily associated with the step-up to fair value of identifiable intangible assets. This determination is preliminary and subject to change based upon the final determination of the fair values of the identifiable intangible assets acquired.

**3. Preliminary Pro Forma and Acquisition Accounting Adjustments**

The pro forma adjustments are as follows:

- (A) To reflect the utilization of Atheros cash to fund a portion of the total acquisition consideration.
- (B) To record shares of Atheros common stock and common stock equivalents issued as a result of the Merger, including Intellon common stock equivalents that automatically vest as a result of the change of control.
- (C) To record inventory at estimated fair value.
- (D) To record preliminary goodwill resulting from the Merger. See also Note 2 for a more detailed discussion.
- (E) To record the preliminary estimated identifiable intangible assets, which include developed technology, in-process research and development, customer relationships and backlog. See also Note 2 for a more detailed discussion.
- (F) To eliminate Intellon's historical intangible assets and to reverse the related historical amortization for the periods presented.
- (G) To reflect estimated automatic non-equity payments arising from change of control provisions in an employment agreement. Atheros has not included any costs related to non-automatic change of control provisions in other employment agreements as the timing and amounts of these payments cannot yet be determined.

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- (H) To reflect estimated direct incremental costs of \$8.9 million to consummate the Merger and to register the shares issued in the Merger that are not yet reflected in the historical results of Atheros or Intellon at June 30, 2009. Merger costs include fees payable for investment banking services, legal, accounting, Intellon's directors' and officers' insurance liability, printing and other consulting services. Of the \$8.9 million, \$4.0 million relates to Atheros and \$4.9 million relates to Intellon. These costs are expensed as incurred.
  
- (I) To reflect the elimination of the historical equity balances of Intellon.

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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

**(Continued)**

- (J) To reflect a reduction in interest income due to cash consideration paid by Atheros to Intellon stockholders.
- (K) To record amortization associated with preliminary estimated identifiable intangible assets acquired as a result of the Merger.
- (L) To adjust deferred income taxes, which are primarily associated with preliminary estimated identifiable intangible assets and pro forma adjustments attributable to the Merger. Income tax benefits were calculated using statutory rates, which resulted in a blended statutory tax rate of 37.5% in both the year ended December 31, 2008 and the six months ended June 30, 2009.
- (M) To eliminate the balances of Intellon shares used in computing basic and diluted net income (loss) per share, and to reflect the expected exchange of Intellon common stock into Atheros common stock.

As noted previously, these unaudited condensed combined financial statements were based on the mixed election of approximately 0.135 shares of Atheros common stock and \$3.60 in cash for each share of Intellon stock exchanged. Based upon a closing price of \$27.42 for Atheros common stock on September 28, 2009, assuming the maximum stock consideration of 55% and 45% cash consideration, the total preliminary estimated acquisition consideration is estimated to be \$233.2 million, consisting of 4.9 million shares of equivalent Atheros common stock and \$103.0 million in cash. Assuming the minimum stock consideration of 45% and 55% cash consideration, the total preliminary estimated acquisition consideration is estimated to be \$233.1 million, consisting of 4.0 million shares of equivalent Atheros common stock and \$125.8 million in cash. Pro forma combined net income attributable to common shares and pro forma combined basic and diluted loss per share attributable to common shares for the periods presented would not be materially impacted under either of these scenarios.

The pro forma information is presented solely for informational purposes and is not necessarily indicative of the combined results of operations or financial position that might have been achieved for the periods or dates indicated, nor is it necessarily indicative of the future results of the combined company.

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**INFORMATION ABOUT THE SPECIAL MEETING AND VOTING**

This proxy statement/prospectus is being furnished to Intellon stockholders by the Intellon board of directors in connection with the solicitation of proxies from the holders of Intellon common stock for use at the special meeting of Intellon stockholders and any adjournments or postponements of the special meeting. This proxy statement/prospectus also is being furnished to Intellon stockholders as a prospectus of Atheros in connection with the issuance by Atheros of shares of Atheros common stock to Intellon stockholders in connection with the Merger.

**Date, Time and Place**

The special meeting of stockholders of Intellon will be held at \_\_\_\_\_ a.m., Eastern Time, on \_\_\_\_\_, 2009 at the Hyatt Regency Orlando Airport Hotel, 9300 Airport Blvd., Orlando, Florida 32827.

**Matters to Be Considered**

At the special meeting, Intellon stockholders will be asked:

1. to consider and vote upon a proposal to approve and adopt the Merger Agreement and approve the Merger pursuant to which Atheros will acquire Intellon in a stock and cash transaction as described herein;
2. to consider and vote upon a proposal to authorize the proxy holders to adjourn or postpone the special meeting, in their sole discretion, to solicit additional proxies if there are not sufficient votes in favor of proposal 1; and
3. to transact any other business as may properly be brought before the special meeting or any adjournment or postponement of the special meeting for reasons other than those provided in proposal 2.

**INTELLON'S BOARD OF DIRECTORS HAS DETERMINED THAT THE PROPOSED MERGER IS ADVISABLE FOR, FAIR TO, AND IN THE BEST INTERESTS OF INTELLON AND ITS STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT INTELLON STOCKHOLDERS VOTE FOR THE PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT AND TO APPROVE THE MERGER AND AUTHORIZE ANY ADJOURNMENT OF THE SPECIAL MEETING.**

**Record Date; Voting Information; Required Vote**

The close of business on \_\_\_\_\_, 2009 has been fixed by the Intellon board of directors as the record date for the determination of those holders of Intellon common stock who are entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting. Only holders of record of Intellon common stock at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting and any adjournment or postponement of the special meeting.

At the close of business on the record date, there were \_\_\_\_\_ shares of Intellon common stock outstanding and entitled to vote at the special meeting, held by approximately \_\_\_\_\_ holders of record. A list of the stockholders of record entitled to vote at the special meeting will be available for examination by Intellon stockholders for any purpose germane to the meeting. The list will be available at the meeting and for ten days prior to the meeting during ordinary business hours by contacting Intellon's Corporate Secretary at 5955 T. G. Lee Boulevard, Suite 600, Orlando, Florida 32822.

Holders of record of Intellon common stock may vote their shares of Intellon common stock in person at the special meeting or by proxy as described below under \_\_\_\_\_ Voting by Proxy.

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Each holder of record of shares of Intellon common stock as of the record date is entitled to cast one vote per share at the special meeting on each proposal. The presence, in person or by valid proxy, of the holders of a majority of the shares of Intellon common stock issued and outstanding on the record date constitutes a quorum for the transaction of business at the special meeting. The affirmative vote of at least a majority of the shares of Intellon common stock outstanding as of the record date is required to approve and adopt the Merger Agreement and approve the Merger and approve any adjournment or postponement of the special meeting.

Properly signed proxies that are marked "abstain" are known as abstentions. Properly signed proxies that are held by brokers in street name on behalf of customers who have not provided their broker with specific voting instructions on non-routine matters such as the proposal to approve and adopt the Merger Agreement and approve the Merger are known as broker non-votes. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum exists at the special meeting but will have the same effect as a vote against the proposal to approve and adopt the Merger Agreement and approve the Merger.

### **Voting in Person**

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in "street name," which means your shares are held of record by a broker, bank or other nominee, and you wish to vote in person at the special meeting, you must bring to the special meeting a proxy from the record holder of the shares authorizing you to vote at the special meeting.

### **Voting by Proxy**

Your vote is very important. Accordingly, please vote by telephone, through the Internet, or complete, sign and return the enclosed proxy card in the self-addressed, postage-prepaid envelope whether or not you plan to attend the special meeting in person. You should vote your proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting. Voting instructions are included on your proxy card. If you properly submit your proxy to Intellon in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. If you properly submit your proxy to Intellon in time to vote, but do not provide voting instructions, one of the individuals named as your proxy will vote your shares for the approval and adoption of the Merger Agreement and approval of the Merger. In each case, this will ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting.

To vote your proxy by mail, mark your selection on, and date, the enclosed proxy card, sign your name exactly as it appears on your proxy card, and return your proxy card in the pre-addressed enclosed envelope. All returned proxy cards that are not revoked will be voted in accordance with the instructions in the proxy card. Returned proxy cards that give no instructions as to how they should be voted on a particular proposal will be counted as votes "for" that proposal.

To vote by telephone, please dial the phone number shown on your proxy card, and have your proxy card in hand when you call. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded. Telephone voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Time, on the day before the special meeting, which is currently scheduled for \_\_\_\_\_, 2009.

To vote by Internet, please enter the website address shown on your proxy card and have your proxy card in hand when you access the website. Internet voting facilities will be available 24 hours a day and will close at 11:59 p.m., Eastern Time, on the day before the special meeting, which is currently scheduled for \_\_\_\_\_, 2009.

If your Intellon shares are held in street name by a broker, bank or other nominee, then only your bank, broker or nominee can sign a proxy card with respect to your shares and only upon instructions from you. Therefore, you should provide instructions to your broker, bank or nominee for a proxy card to be signed

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representing your shares. If your broker, bank or nominee has not sent you a proxy card and requested your instructions, please contact your broker, bank or nominee. Most brokers, banks and nominees have procedures for telephone or Internet voting. Check the materials your broker, bank or nominee sent you or call your account representative for more information. If you do not instruct your broker, bank or nominee how to vote yours shares of Intellon common stock held in street name, these shares will not be voted for the approval and adoption of the Merger Agreement and the adoption of the Merger.

### **Revocation of Proxies**

Except as noted below, you can change your vote at any time before the vote is taken at the special meeting. If you have not voted through your broker or other nominee, you may change your vote by:

voting by telephone or through the Internet at a later time, but not later than 11:59 p.m. (Eastern Time) on \_\_\_\_\_, 2009, or the day before the meeting date if the special meeting is adjourned or postponed;

submitting an executed proxy card bearing a later date than the initial proxy card;

delivering a written notice of revocation of your vote, dated later than the date of your initial proxy card, to the Intellon Corporate Secretary ; or

voting in person at the special meeting; however, simply attending the special meeting without voting will not revoke an earlier vote. A written revocation must be received by Intellon's Corporate Secretary at 5955 T. G. Lee Boulevard, Suite 600, Orlando, Florida 32822, by mail no later than the beginning of voting at the special meeting.

If your shares of Intellon common stock are held in street name, you should follow the instructions of your broker or nominee regarding changing your vote.

All shares voted by telephone, through the Internet, or by submission of an executed proxy card will be voted in accordance with your instructions on the proxy card, unless revoked.

If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your shares will be voted for approval and adoption of the Merger Agreement and approval of the Merger. We intend, with respect to proxy cards that make no specification as to, or those that vote in favor of, the proposal with respect to any procedural matters incident to the conduct of the special meeting, such as adjournment of the special meeting, including for the purpose of soliciting additional proxies, that the shares represented by properly submitted proxy cards will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card. However, if you indicate a vote against approval and adoption of the Merger Agreement and approval of the Merger but do not indicate a vote on the proposal with respect to procedural matters incident to the conduct of the special meeting, your shares will not be voted for any adjournment of the special meeting for the purpose of soliciting additional votes for approval and adoption of the Merger Agreement and approval of the Merger.

### **Effects of Abstentions and Broker Non Votes**

Absent specific instructions from the beneficial owner of shares, brokers may not vote shares of Intellon common stock with respect to the approval and adoption of the Merger Agreement and approval of the Merger, or any other matters that may properly come before the special meeting or any adjournment of the special meeting. For purposes of determining approval and adoption of the Merger Agreement and approval of the Merger, abstentions and broker non votes will have the same effect as a vote against the Merger Agreement and the Merger. For purposes of acting upon any procedural matters incident to the conduct of the meeting (other than adjournment), abstentions and broker non votes will have no effect on the outcome of the action. For





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purposes of acting upon any adjournment for the purpose of soliciting additional proxies, abstentions and broker non votes will have the effect of a vote against the matter.

### **Share Ownership of Management and Certain Stockholders**

As of the record date for the special meeting, directors and executive officers of Intellon and their affiliates beneficially owned less than [ ]% of the outstanding shares of Intellon common stock entitled to vote at the special meeting. Certain of these individuals are party to a voting agreement with Intellon and Atheros and therefore have obligations to vote in favor of the Merger Agreement and the Merger.

### **Solicitation of Proxies**

Intellon will bear the costs of soliciting proxies from its stockholders. In addition to soliciting proxies by mail, directors, officers and employees of Intellon, without receiving additional compensation therefore, may solicit proxies by telephone, by facsimile or e-mail or in person. Arrangements may also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by those persons, and Intellon will reimburse those brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection with those actions. In addition, Innisfree M&A Incorporated, which we refer to as Innisfree, has been retained by Intellon to assist in the solicitation of proxies. Innisfree may contact holders of shares of Intellon common stock by mail, telephone, facsimile, email or personal interviews and may request brokers, dealers and other nominee stockholders to forward materials to beneficial owners of shares of Intellon common stock. Innisfree will receive reasonable and customary compensation for its services (estimated at \$15,000) and will be reimbursed for certain reasonable out-of-pocket expenses and other customary costs.

### **Special Meeting Admission**

If you wish to attend the special meeting in person, please bring with you valid government-issued photo identification (such as a driver's license or passport) in order to gain admission to the special meeting. If your shares are held in the name of a bank, broker or nominee, you will have to bring evidence of your ownership of Intellon common stock as of the record date, in addition to valid government-issued photo identification, if you wish to attend the special meeting. If you are a proxy holder for an Intellon stockholder, to gain entry to the special meeting you must bring a validly executed proxy naming you as the proxy holder, signed by an Intellon stockholder who owned Intellon stock as of the record date and a valid government-issued photo identification (such as a driver's license or passport). However, if the stockholder whose proxy you hold was not a record holder of Intellon common stock as of the record date, you must bring proof of the stockholder's ownership of Intellon common stock as of the record date, in the form of a letter or statement from a bank, broker or nominee or the voting instruction card provided by the bank, broker or nominee in each case, indicating that the stockholder owned those shares as of the record date. (Please note that in order to attend and *vote* the stockholder's shares at the special meeting, you will also need to provide a legal proxy from the record holder assigning voting authority to the stockholder.)

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the meeting.

### **Internet Availability of Proxy Materials**

This proxy statement/prospectus, a copy of the form of proxy and Intellon's 2008 annual report are available on the investor relations section of Intellon's website at [www.intellon.com](http://www.intellon.com). If you want to receive a paper or e-mail copy of these documents, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy to Intellon's corporate secretary on or before \_\_\_\_\_, 2009 to facilitate timely delivery.

Table of Contents**COMPARISON OF STOCKHOLDER RIGHTS**

The rights of Intellon stockholders under the General Corporation Law of the State of Delaware (the "DGCL"), the Intellon amended and restated certificate of incorporation (referred to in this section as "Intellon's certificate of incorporation") and the Intellon amended and restated bylaws (referred to in this section as "Intellon's bylaws") prior to the Merger are substantially the same as the rights Atheros stockholders will have following the Merger under the DGCL, the Atheros restated certificate of incorporation (referred to in this section as "Atheros' certificate of incorporation") and the Atheros amended and restated bylaws (referred to in this section as "Atheros' bylaws"), with principal exceptions summarized in the chart below. Copies of Intellon's certificate of incorporation, Intellon's bylaws, Atheros' certificate of incorporation and Atheros' bylaws are incorporated by reference and will be sent to holders of shares of Intellon common stock upon request. See "Additional Information for Stockholders - Where You Can Find More Information" beginning on page 115 of this proxy statement/prospectus. The summary contained in the following chart does not include a complete description of all differences between the rights of Intellon stockholders and Atheros stockholders or a complete description of the specific rights of these holders and is qualified by reference to the DGCL, Intellon's certificate of incorporation, Intellon's bylaws, Atheros' certificate of incorporation and Atheros' bylaws.

	<b>Intellon Stockholder Rights</b>	<b>Atheros Stockholder Rights</b>
<i>Authorized Capital Stock</i>	<p>Intellon's certificate of incorporation authorizes Intellon to issue 130,000,000 shares consisting of 125,000,000 shares of common stock, par value of \$0.0001 per share, and 5,000,000 shares of preferred stock, par value of \$0.0001 per share.</p> <p>Intellon's board of directors has the authority to issue one or more series of preferred stock, having terms designated by Intellon's board. Intellon's board may increase or decrease the number of shares of any series subsequent to the issuance of shares of the series then outstanding.</p> <p>As of June 30, 2009, there were 31,343,946 shares of common stock and no shares of preferred stock outstanding.</p> <p>Intellon's common stock is listed on the NASDAQ Global Market.</p>	<p>Atheros' certificate of incorporation authorizes Atheros to issue 210,000,000 shares consisting of 200,000,000 shares of common stock, par value of \$0.0005 per share, and 10,000,000 shares of preferred stock, par value of \$0.0005 per share.</p> <p>Atheros' board of directors has the authority to issue one or more series of preferred stock, having terms designated by Atheros' board. As of June 30, 2009, there were 61,680,144 shares of common stock and no shares of preferred stock outstanding.</p> <p>Atheros' common stock is listed on the NASDAQ Global Select Market.</p>
<i>Voting Rights</i>	<p>Each outstanding share of Intellon common stock entitles its holder to one vote on all matters on which stockholders are entitled to vote.</p> <p>Intellon's board of directors has the discretion to determine the voting rights of each series of preferred stock.</p>	<p>Each outstanding share of Atheros common stock entitles its holder to one vote on all matters on which stockholders are entitled to vote.</p> <p>Atheros' board of directors has the discretion to determine the voting rights of each series of preferred stock.</p>
<i>Conversion Rights</i>	<p>Intellon common stock is not subject to any conversion rights.</p>	<p>Atheros common stock is not subject to any conversion rights.</p>

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*Stockholder Proposals*

**Intellon Stockholder Rights**

Intellon's bylaws provide that any stockholder who intends to bring a matter before the stockholders meeting must deliver written notice of his or her intent to do so to Intellon's secretary. For an annual meeting, the secretary must receive the notice no later than 90 calendar days prior to the date that is the one year anniversary of the date of mailing the proxy statement in connection with the previous year's annual stockholder meeting, unless there was no annual meeting the previous year or the date of the annual meeting has been changed by more than 30 days from the date of the previous year's meeting, in which case the notice must be received no later than the tenth day following the day notice of the date of the meeting was mailed or such public disclosure was made, whichever occurs first. See the subsection entitled "Nomination of Directors" below for more information.

In any case, the business must be a proper matter for stockholder action and the notice must include:

a brief description of each matter desired to be brought before the meeting;

the reasons for conducting such business at the annual meeting;

the name and address of the proposing stockholder as they appear on Intellon's books;

the class and number of shares of Intellon that are beneficially owned by the stockholder presenting the proposed business;

a description of any material interest of the proponent in the business being brought; and

**Atheros Stockholder Rights**

Atheros' bylaws provide that any stockholder who intends to bring a matter before the annual meeting must deliver timely notice thereof in writing to Atheros' secretary. To be timely, a stockholder's notice must be received by the secretary not less than 60 days nor more than 90 days prior to the scheduled date of the meeting; provided, however, that in the event that less than 75 days' notice or prior public disclosure of the date of scheduled meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the earlier of (a) the close of business on the 15<sup>th</sup> day following the day on which such notice of the date of the scheduled annual meeting was mailed or such public disclosure was made, whichever first occurs, and (b) two days prior to the date of the scheduled meeting.

A stockholder's notice shall set forth:

a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;

the name and record address of the stockholder proposing such business;

the class, series and number of shares of the corporation that are owned beneficially by the stockholder; and

any material interest of the stockholder in such business.

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any other information required under  
Regulation 14A of the Exchange Act.

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*Nomination of Directors*

**Intellon Stockholder Rights**

The DGCL is silent as to a stockholder's ability to nominate a director. Intellon's bylaws provide that an Intellon stockholder may nominate one or more persons for election as directors at an annual or special meeting called for the election of directors, but only if the stockholder delivers written notice of his or her intent to make the nomination to Intellon's secretary. The timing requirements for receiving the notice are similar to those for receiving notice of stockholder proposals described above.

The notice must include:

name, age, business and residence address of each nominee;

principal occupation or employment of each nominee;

class and number of Intellon shares of capital stock beneficially owned by each nominee;

description of all arrangements between the stockholder and each nominee and any other person pursuant to which the nominations are to be made by the stockholder;

such information concerning each nominee as would be required under SEC rules to be included in a proxy statement soliciting proxies for the election of the nominee as a director pursuant to Regulation 14A of the Exchange Act; and

a written and signed consent of each nominee to be named in the proxy statement and to serve as a Intellon director if elected.

**Atheros Stockholder Rights**

The DGCL is silent as to a stockholder's ability to nominate a director. Atheros' bylaws provide that an Atheros stockholder may nominate one or more persons for election as directors at an annual or special meeting called for the election of directors, but only if the stockholder delivers written notice of his or her intent to make the nomination to Atheros' secretary. The timing requirements for receiving the notice are similar to those for receiving notice of stockholder proposals described above.

The notice must include:

the name, age, business address and residence address of the person;

the principal occupation of the person;

the class, series and number of shares of capital stock of the corporation that are owned beneficially by the person;

a statement as to the person's citizenship;

any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the Exchange Act; and

as to the stockholder giving the notice:

the name and record address of the stockholder and

the class, series and number of shares of Atheros capital stock of Atheros that are owned beneficially by the stockholder.

Atheros may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as director of the corporation.

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	<b>Intellon Stockholder Rights</b>	<b>Atheros Stockholder Rights</b>
<i>Advance Notice of Stockholder Meetings</i>	The DGCL requires notice to stockholders of the place (if any), date, and hour, and means of remote communication, if any, of each annual and special stockholders meeting at least 10 days, but no more than 60 days, before the meeting date. In the case of a special meeting, the notice must also state the purpose or purposes for which the meeting is called. However, notice of a stockholders meeting to vote upon a merger or a sale of all or substantially all of the corporation's assets, must be delivered at least 20 days before the meeting date.	The DGCL requires notice to stockholders of the place (if any), date, and hour, and means of remote communication, if any, of each annual and special stockholders meeting at least 10 days, but no more than 60 days, before the meeting date. In the case of a special meeting, the notice must also state the purpose or purposes for which the meeting is called. However, notice of a stockholders meeting to vote upon a merger or a sale of all or substantially all of the corporation's assets, must be delivered at least 20 days before the meeting date.
	Intellon's bylaws provide that written notice of the place, date, hour and means of remote communication, if any and, in the case of a special meeting, purposes of a meeting of stockholders, must be given not less than ten nor more than 60 days before the date of the meeting, either personally or by mail, to each stockholder of record entitled to vote at the meeting.	Atheros bylaws provide that written notice of meetings shall be given to stockholders not less than 10 or more than 60 prior to the meeting.
<i>Calling Special Meetings of Stockholders</i>	Under the DGCL, a special meeting of stockholders may be called by the board of directors or by any person or persons authorized by the certificate of incorporation or the by-laws.	Under the DGCL, a special meeting of stockholders may be called by the board of directors or by any person or persons authorized by the certificate of incorporation or the by-laws.
	Intellon's certificate of incorporation provides that a special meeting of stockholders can be called at any time only by the chairman of the board, the chief executive officer or a majority of the board. Intellon's certificate of incorporation provides that stockholders are not entitled to call a special meeting of stockholders.	Atheros certificate of incorporation and amended and restated bylaws provide that a special meeting of stockholders may be called by a majority of the board, the chairman of the board or the chief executive officer.
<i>Quorum</i>	Intellon's bylaws provide that a majority of the issued and outstanding shares of stock entitled to vote, present in person or represented by proxy, shall constitute a quorum for transacting business at a meeting of stockholders.	Atheros bylaws provide that a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for action at a meeting of stockholders.



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	<b>Intellon Stockholder Rights</b>	<b>Atheros Stockholder Rights</b>
<i>Number of Directors</i>	Intellon's bylaws provide that the number of directors shall be fixed from time to time exclusively by the board of directors, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances. Intellon's board currently consists of seven directors.	Atheros' bylaws provide that the number of directors shall be not less than 6 nor more than 11, with the exact number to be fixed by the majority of the board of directors. Atheros' board currently consists of 8 directors.
<i>Classification of Board of Directors</i>	Intellon's certificate of incorporation and bylaws provide that Intellon's board of directors is to be divided into three classes, Class I, Class II and Class III, with the classes having an equal or near equal number of directors and the directors of each class entitled to serve for staggered three-year terms.  Upon expiration of the term of each class of directors, directors in that class will be eligible to be elected for a new three-year term at the Annual Meeting of Stockholders in the year in which their term expires.  The initial Class I and Class II directors served until Intellon's Annual Meetings of Stockholders in 2008 and 2009, respectively. On June 10, 2008, two Class I directors were elected to a three-year term ending 2011. On June 10, 2009, two Class II directors were elected to a three-year term ending 2012. The initial three Class III directors will serve until Intellon's Annual Meeting of Stockholders in 2010 if the Merger is not consummated.	Atheros' certificate of incorporation and bylaws provide that Atheros' board of directors is to be divided into three classes, with the classes having an equal or near equal number of directors and the directors of each class entitled to serve for three-year terms.
<i>Removal of Directors</i>	Generally under the DGCL, a director of a classified board may only be removed with cause, by the affirmative vote of holders of a majority of the shares then entitled to vote at an election of directors.  Intellon's certificate of incorporation provides that its stockholders may only remove directors for cause.	Generally under the DGCL, a director of a classified board may only be removed with cause, by the affirmative vote of holders of a majority of the shares then entitled to vote at an election of directors.  Atheros stockholders may remove directors only for cause by the affirmative vote of the majority of stockholders entitled to vote in the election of directors.

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	<b>Intellon Stockholder Rights</b>	<b>Atheros Stockholder Rights</b>
<i>Filling of Board Vacancies</i>	Intellon’s certificate of incorporation provides that any vacancy occurring on the board of directors for any reason (including any newly created directorships resulting from any increase in the authorized number of directors) may be filled only by a majority of the remaining directors or by a sole remaining director, with each such director to hold office until the next election of the class for which such director shall have been chosen and his or her successor is duly elected and qualified.	Atheros’ certificate of incorporation provides that any vacancy occurring on the board of directors may be filled by a majority of the directors then in office, with each such director to hold office until a successor is elected at an annual or special meeting of the stockholders.
<i>Action by Written Consent</i>	Intellon’s certificate of incorporation provides that no action of stockholders may be taken except by at an annual or special meeting of the stockholders called in accordance with the bylaws and no action may be taken by the stockholders by written consent.	Atheros’ certificate of incorporation provides that no action of stockholders may be taken by written consent without a meeting.
<i>Amendment of Certificate of Incorporation</i>	<p>The DGCL provides that amendments to the certificate of incorporation require an affirmative vote of a majority of the voting power of the outstanding stock entitled to vote thereon and a majority of the voting power of the outstanding stock of each class entitled to vote thereon separately as a class. However, a corporation’s certificate of incorporation may provide for a greater vote.</p> <p>Intellon’s certificate of incorporation requires the affirmative vote of at least 66-2/3% of of the voting power of all shares of capital stock entitled to vote generally in the election of directors, voting together as a single class, to amend or repeal any amendment or repeal various provisions of the Intellon certificate of incorporation, including provisions relating to:</p> <p style="padding-left: 40px;">the adoption, amendment or repeal of bylaws;</p> <p style="padding-left: 40px;">the number of directors;</p> <p style="padding-left: 40px;">the classified board;</p>	<p>The DGCL provides that amendments to the certificate of incorporation require an affirmative vote of a majority of the voting power of the outstanding stock entitled to vote thereon and a majority of the voting power of the outstanding stock of each class entitled to vote thereon separately as a class. However, a corporation’s certificate of incorporation may provide for a greater vote.</p> <p>The affirmative vote of at least 66-2/3% of the voting power of Atheros’ outstanding voting stock is required to amend various provisions of the Atheros certificate of incorporation, including provisions relating to:</p> <p style="padding-left: 40px;">the number of directors;</p> <p style="padding-left: 40px;">the classified board;</p> <p style="padding-left: 40px;">vacancies;</p> <p style="padding-left: 40px;">actions by stockholders by written consent without a meeting;</p> <p style="padding-left: 40px;">cumulative voting;</p>

indemnification; and

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